

CURRENT HISTORY

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The Bankers Sign a Truce

By ELLIOTT V. BELL*

ON the evening of Oct. 24, 1934, in Washington, the bankers of the country made peace with President Roosevelt. Yet, beneath the conciliatory words that were spoken, there was bitter feeling on both sides. After all, political truces like this spring from material motives, rather than from a change of heart.

The occasion was the annual convention of the American Bankers Association. Jackson Reynolds, president of the First National Bank of New York, spoke for the bankers. "Mr. President," he said, "I feel that the banking fraternity in the last two years has endured enough mass punishment so that it is now in such a chastened and understanding mood that you can accept with hospitality any overture of cooperation on the part of the leaders of that fraternity."

What was the nature of the "mass punishment" that had so humbled the bankers? To understand the frame of

mind which gave voice to this plea it is necessary to recapitulate the history of banking from March 4, 1933, until the night in question.

On the morning of Saturday, March 4, 1933, the banking system of the country lay in ruins. The plague of bank holidays, which began eighteen days before in Detroit, had swept the country. New York, the last citadel, had fallen in the early hours of that morning when the Clearing House bankers, meeting in Governor Lehman's town house, had been informed that the Federal Reserve Bank did not have enough currency on hand to keep open; that for lack of sufficient Federal Reserve notes, it had, during the desperate last hours of the preceding day, actually paid out gold certificates where ordinary currency was demanded. But hope was at hand.

In an upper room of one of Wall Street's most powerful institutions a group of bankers gathered around a small radio to hear Mr. Roosevelt's inaugural address. They looked for reassurance in a tottering world. In-

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stead they heard the new President say that the bankers had "failed through their own stubbornness and their own incompetence," had "admitted their failure and abdicated," adding that "practices of the unscrupulous money-changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. * * * Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortation, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. * * * They have no vision. * * * The money-changers have fled from their high seats in the temple of our civilization."

These were inflammatory words. They bit like whips. The bankers winced. They got up quietly and went away.

In the dreary days of the ensuing bank holiday the bankers suffered a new and terrifying experience. Their future was at stake; yet they were not consulted. Instead, they were kept in deeper ignorance, it seemed to them, than other groups, for example, the press.

The Clearing House Committee, laboring to perfect a system of Clearing House certificates that would fill the gap in the currency system made by the hoarding of some \$2,000,000,000 or more of money, following the pattern whereby they had more than once "saved" the country in past panics, was in the dark as to whether their plans would be approved by Washington. Even their old friend and associate, William H. Woodin, whose appointment as Secretary of the Treasury had been so reassuring, seemed to have forgotten the Wall Street bankers. They telephoned to the Treasury and got no answer.

One evening, after hours of consul-

tation, the Clearing House bankers descended their marble steps to learn from waiting reporters that several hours previously Washington had announced plans for issuing an emergency currency which would make unnecessary the use of Clearing House certificates. The bankers' chance to regain prestige, to become the heroes of the hour by repairing the breakdown in the currency system, was snatched from them by a government only a few days old, not yet organized, but already contemptuous of bankers.

In the days that followed they were to learn more of these new terrors of darkness and uncertainty. In the drawing up of emergency banking legislation the bankers were not consulted.

When it is remembered what a premium banking puts upon early, accurate and inside information, it may be surmised what punishment, spiritual as well as material, was involved in this systematic keeping of bankers in the dark. The punishment was all the harder in that it contrasted so strangely with past conditions. In the dark days of 1932 President Hoover, an indefatigable user of the telephone, was often in communication both day and night with banking leaders. There were many midnight visitors from Wall Street to Washington, and on at least one occasion the entire corps of Wall Street bank executives was summoned to Mr. Mellon's apartment to devise plans for the National Credit Corporation which preceded the RFC.

In spite of this disregard for the bankers, President Roosevelt's handling of the crisis won Wall Street's admiration. When, having reopened the banks, he began to cut toward a balanced budget; when he restored the dollar to parity in the foreign exchange market, rebuilt the gold reserves of the Federal Reserve Banks to virtually the highest in their his-

tory and began to shape plans for the London Economic Conference, the most inveterate Tory confessed that this was a President beyond the fondest dreams of financial orthodoxy. Then came the blow.

The suspension of the gold standard in April, 1933, a deliberate, cold-blooded act of repudiation, as most bankers saw it, bewildered the "Street." The President, yielding apparently to the inflationist sentiment in Congress, threw away the results of all the work that had so won their admiration, shattered his campaign promises, burned the planks of his Democratic platform and unloosed the terrible threat of inflation.

Now the old bitterness returned. The rankling memory of the epithet, "unscrupulous money-changers," the ignominy of being disregarded and kept in ignorance, were reinforced by this seemingly willful violation of sound monetary principles. There was one notable exception to the Wall Street surge of indignation. J. P. Morgan issued a statement commending the action of the President.

There followed a series of monetary moves, cumulatively distressing to conservative banking opinion: The Thomas inflation bill which put a pistol to the head of the Federal Reserve System by confronting it with the threat of \$3,000,000,000 of fiat money; the sudden sinking of the London Economic Conference by the message of July 3, with its reference to "old fetiches of so-called international bankers"; the "commodity dollar" experiment in gold-price manipulation and the silver proclamation of December, 1933, authorizing the purchase and coinage of newly mined silver at far above the market price. There were, too, alternate waves of "sound-money talk" and "inflation talk," which synchronized, or so it

seemed, with the Treasury's financing.

These monetary measures had not been the only points of friction between the bankers and the administration. The Senate investigation opened old sores and sins of the boom period. Hand in hand with this public pillorying had gone a searching drive by Treasury income-tax investigators, directed with a zeal that seemed more than public-spirited. The bankers lived almost under a reign of terror.

At the height of this terrorism, at a time when few bankers dared to speak out, Congress enacted laws vitally affecting banking. These included the Banking Act of 1933, with its obnoxious provisions for deposit insurance and its abrupt dismemberment of banking affiliates from their parents, and the Securities Act which, in its original form, imposed upon investment bankers and the officers of borrowing corporations liabilities which paralyzed the capital market. The Securities Exchange Act, in its original draft, contained provisions which would have involved a deflation of bank loans more devastating than that brought about by the depression.

As an overtone through those troubled days ran a steady stream of criticism voiced by men high in administration councils. The bankers made one desperate stand against this criticism and were repulsed under circumstances which further deepened their bitterness and alarm. This was at the annual convention of the American Bankers Association, held in Chicago, hotbed of banking indignation, in September, 1933.

Gathering in a belligerent mood, under the leadership of the late Francis H. Sisson, vice president of the Guaranty Trust Company, they prepared to strike back at their detractors. Mr. Sisson sounded the keynote of the convention by declaring that "repeated

assertions by administration officials that the banks are culpable * * * are * * * absolutely unjustified, and any attempt to establish such an alibi for failure can only result in ultimate exposure and disgrace." The bankers, through Mr. Sisson, cried out against the "darkness and lack of information" that had enveloped them, "especially when these conditions are played on by political witch doctors for their own ends." They passed resolutions damning the Banking Act of 1933 and the unsettled state of the country's monetary system. But their hour of defiance was short-lived.

The administration had demanded and received a place on the program for its spokesmen. It sent Jesse H. Jones, chairman of the RFC; Eugene Black, governor of the Federal Reserve Board, and J. F. T. O'Connor, Comptroller of the Currency. Mr. Jones, speaking with no attempt to conceal his irritation, let loose at the sullen bankers. He deepened their fears of government control by informing them that they would be required to sell preferred stock to the RFC. "Be smart for once," he said, warning them that if they refused to do as they were told the government would take over banking. He ridiculed and blasted their hopes of repeal of deposit guarantee.

Mr. Black sympathized with the bankers, but brought them even less hope. Mr. O'Connor, chuckling happily at his own jokes, calmly announced that plans had been completed for inaugurating Federal deposit insurance at the first of the year.

The groundwork for the reconciliation between the bankers and the administration a year later was probably laid in the crushing defeat at Chicago. Wiser heads among the bankers began to realize then that an open fight upon the administration

was hopeless. During the remainder of the year there was a concentrated attack upon the administration's monetary policy, but it was led by such former administration advisers as James P. Warburg and O. M. W. Sprague, seconded by various academic and political groups. Professional bankers, apart from Mr. Warburg, carefully kept out of the arena, however much they sympathized with the sound-money gladiators.

The closing months of 1933 marked the highest pitch of banking fear and hatred of the administration's policies. This was the period when Jesse Jones, in his campaign to put \$1,000,000,000 of government money into the capital of the banks, forced the larger banks of the country one by one to accede to his demands. Much as they feared the control of the government, many of the banks had little defense—they needed the money if they were to put their houses in order. Within a few months the RFC became the country's largest bank stockholder.

The beginning of 1934 marked a new phase in the struggle between the banks and the administration, the beginning of a conciliatory effort to influence the course of legislative and administrative action, not by obstruction but by friendly advice and propaganda. It can only be surmised what part the banks played in persuading the administration to stabilize the dollar at 59.06 per cent of its former parity, but weeks before this event leading Wall Street bankers had begun to talk about the necessity for giving up the impractical demand for a return to the old parity on a full gold standard and the advisability of a compromise with the inflationists which would "freeze" the dollar at its then current level of depreciation, about 64 cents.

The revaluation at 59.06 cents,

while a little worse than had been hoped for, seemed to the bankers a victory for sound money. The President's budget message of January had given additional reassurance.

For the next few months the money question ceased to be an issue. In other directions the bankers made progress. Working through the Reserve City Bankers Association, an organization of large city bankers, they secured some concessions with respect to deposit insurance. The chief of these was the extension by Congress for one year of the temporary form of deposit insurance, which limited the liability of banks in the fund, in contrast with the unlimited liability entailed in the permanent plan.

Matters were in a fair way when in midsummer the money question rose again to plague the bankers. The passage of the Silver Purchase Act and the nationalization of silver, accompanied by widespread rumors of renewed devaluation of the dollar, induced in the bankers a sense of betrayal. This was heightened by the sudden alarming spread of reports that the administration was planning the creation of a government owned and controlled central bank to supersede the Federal Reserve System. A new wave of inflation fear swept the financial markets. It coincided with the Treasury's refunding of \$1,250,000,000 of Fourth Liberty Loan bonds, called for retirement on Oct. 15.

Common sense and emotion contended in this episode. On the one hand, the bankers held more than 50 per cent of the government's outstanding debt, had invested an average of more than one-third of their deposits in government obligations. Obviously, a collapse in the government's credit would have carried them down to ruin. On the other hand, many bankers, including some who

were not far removed from the plotters of the subsequent reconciliation, openly longed to teach the administration a lesson by showing that it could not play fast and loose with the currency and still expect to sell an unlimited amount of government bonds.

In September small banks and investors throughout the country were selling their holdings of government bonds in fear of a collapse of the national credit. The Wall Street banks stood firm, but there was nothing else for them to do. Any attempt to "get off the hook" would have brought the house down about their ears. It is also true that they reflected a "bearishness," no doubt genuinely felt, about the future of government credit, and, in the case of at least one or two institutions, frankly advised industrial clients to sell government bonds.

For this they received their chastisement in due course. In his "fire-side chat" of that month President Roosevelt compared them invidiously with British bankers. It was a blow below the belt. It overlooked the fact that the banks in this country had carried alone the burden of financing the New Deal, that they held 55 per cent of the government debt, whereas the British banks held only 11 per cent of their government's debt. American bankers, however, had given freely of their services to facilitate the government's refunding, even going so far as to pay for advertising their free services. The British banks, on the other hand, received commissions on their dealings in government bonds. Finally, the President ignored the fact that our refunding was entirely different and far more disconcerting to bankers than was Britain's War Loan refunding.

In England bankers "wrote the ticket" for the War Loan conversion and included in it a balanced budget.

Here the bankers, as the principal holders of the Fourth Liberty Bonds, were asked to convert short-term high interest-bearing securities into longer-term, lower interest-bearing securities at a time when the government was running the highest peacetime deficit in history, when the government debt was at a new peak and rising and when grave dangers of inflation threatened and bankers themselves were being flouted. Naturally the President's slur rankled like that old epithet of "money changers." It was to return to plague the President and the bankers who sought a reconciliation.

By this time, however, the big city bankers had acquired wisdom. There were more important matters at hand than revenging an insult. Whether the returns from the political front indicating the hopelessness of earlier expectations of Republican inroads upon the New Deal had anything to do with it may be left to surmise. In any case it was plain that the bankers would have to live with the President for years to come; that they could hope for nothing by obstructing him, and that cooperative efforts had brought some success. It did not much matter if he called them names. What did matter was that there should be an opportunity to present their viewpoint to him and his administrators; that there should be preserved an avenue of communication in order that the darkness and ignorance in which they had labored might not be perpetuated and deepened.

A series of White House calls followed. James H. Perkins, chairman of the National City; William E. Potter, chairman of the Guaranty; Russell C. Leffingwell of J. P. Morgan & Co., Mr. Reynolds and others visited the President in quick succession. Governor Harrison of the Federal Reserve Bank of New York spent a

week-end fishing with him. It was during these calls that a "plot" was laid to effect a reconciliation.

But the conspirators had to keep the plan secret. There was ample reason why the big city bankers should seek an entente between themselves and the administration; for the small town and country bankers it was different. Nothing was to be gained by them from giving lip service to the Roosevelt policies which they feared and hated. But beyond their dislike of administration economics were the Roosevelt insults. What rankled was the epithet "money changers" hurled at them in the President's first utterance as Chief Executive of the nation, the slur upon their patriotism in the fireside talk of September and the insults heaped upon them by administration spokesmen in the past twenty months.

City bankers were used to insults. It was no new thing for politicians to use them for whipping boys in the heat of a campaign and then creep privately to their offices to do the necessary financial business of the community. The country banker, however, lived on prestige. He was the biggest man in town. Hats came off when he went down the street. Every committee, political and social, waited upon him. Every business man sought his favor. Even the terrible slaughter of the depression had not altered this.

Into this heaven of banking prestige had been hurled the thunderbolts of ridicule and contempt, loosed by the highest hand in the country. The President of the United States had set a precedent for jealous fellow-townsmen to revile the banker, for catty women to vent their spleen upon the banker's wife. A wave of bawdy jokes, making a butt of bankers, swept the country; "Did you hear about the big scandal in Tennessee? A white woman mar-

ried a banker." Wall Street might swallow its pride and cravenly sue for peace, but the country banker wanted revenge.

He went to the 1934 convention of the American Bankers Association in the same frame of mind in which he went to Chicago last year. But the city bankers with their scheme of peace had been before him. A few inflammatory speeches, assailing the President and his policies, did cause the city bankers a troubled day soothing the ruffled feelings of the administration and muffling the country bankers. Then the city bankers effected their truce. That the full effects might be applied to public psychology, a public ceremony was staged. Before the 4,200 bankers of the convention Mr. Reynolds made his plea. The President, as befitted his high office, accepted graciously, but not warmly. The bankers went home variously impressed.

The majority, comprising nearly all the country bankers, found no balm for their wounded pride in the President's words. On the contrary, they winced at the humility that had been assumed by their spokesman. Their spokesman? Actually the whole ceremony was a complete surprise to all but a few of the 4,200 or more bankers present. They had not selected the speaker or approved his address in advance. Probably nothing like approval could have been secured in advance if it had been attempted. Only two days before the same bankers had cheered speakers who had attacked the President as "unfair" to bankers; the next day they cheered a speaker who struck at the administration and its policies with both fists. To many of them it appeared as though Wall Street, in a cowardly sacrifice of principle to profit, had sold them out, had run up the white flag while they slept.

That the bankers' truce was a Wall Street conspiracy—one of the few authentic examples on record—was apparent. The conspirators were known, although the precise rôles they played are still in doubt. The House of Morgan was among them. Indeed, it appears as though for the first time in five years that institution assumed the leadership which has commonly been ascribed to it by the world at large.

The Federal Reserve Bank of New York was one of the stage managers. But there were others, too. Most of the Clearing House banks, as well as the officers of the American Bankers Association, none of whom are connected with Wall Street, and the heads of large banks located in the twelve Federal Reserve cities were at least passive, if not active, participants.

Stage-managed as it was, embittered as its signatories may still be, the bankers' peace of October, 1934, may yet prove a significant historical event. To the bankers it signifies that the White House door, closed against them for so long, has been opened. Possibly it is only ajar, but at least some light should flow through the crack to relieve the darkness and uncertainty in which the bankers have lived. Through it they may hope to pass some word on prospective legislation which affects them or on the administration's economic policies. To the government it means an easier task in financing the New Deal. In addition, an ally has been found against a too unruly Congress, and a source of discontent and criticism has been at least partially appeased. Finally, there should be an alleviation of that strife between financial and political leaders which has certainly delayed the return of that important economic factor which goes by the much-abused name of confidence.

America's Need of Sea Power

By HERBERT COREY*

THE American attitude at the naval conference in 1935 will be determined by American naval necessities. World problems are again being viewed realistically, as they were in the days of Grover Cleveland and Theodore Roosevelt. Idealism and altruism have been tried and—to be blunt about it—they have not worked. The administration is sincerely desirous of obtaining a reduction in world armament. It is, so far as one can see, backed by majority opinion. But reduction will not be solely at the cost of the United States in 1935. America will not again offer other nations rewards for good behavior. It is not that Americans have turned cynical; they have merely learned to recognize facts.

The preliminary naval conversations in London have already made it abundantly clear that the 1935 conference will centre upon the Pacific problem, although there are other problems to share the attention of the treaty powers. But until the troubled situation in the Far East is cleared

up little can be done. Japan has declared that the word "ratio" is offensive to her, and has insisted that the other powers grant her an equality in defense "in principle." Her reading of this theory appears to be that she shall be granted a sufficient weight of defensive ships to give her the absolute and unchallenged control of Far Eastern waters. At the same time Great Britain and the United States are asked to cut down their present allotment of heavy battleships, both in weight and in numbers. If that proposal were to be accepted it would amount to precisely this: Japan could do as she pleased in Asia and no other power would be in a position even to question her.

That this will be vigorously opposed by the United States is certain. Great Britain presumably will at least in part support the stand of the United States. This position may be traced back to the Washington conference of 1921, though its genesis is of still earlier date.

Of the two accomplishments of the Washington conference, the lesser in importance has had most of the world's attention and the other has been almost forgotten. The striking achievement, brilliant in conception and execution, was the limitation of naval armaments which Secretary of State Hughes generously offered on behalf of America and which was accepted in modified form by the other powers represented at the conference. When this agreement was made a flame of enthusiasm swept across the world. The feet of the nations had, it

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This article follows Hector C. Bywater's in *CURRENT HISTORY* for October which gave a British view of the issues of next year's naval conference and Captain Gumpel Sekine's in the November number, which presented the Japanese official attitude.

seemed, been at last set on a path that drew onward and upward. Navies were confidently expected to dwindle into nothingness as time went on. To certain influential thinkers universal peace seemed to be just around the corner because, according to them, wars take place when men are armed. They forgot that men are armed because war may come.

Actually, reduction in armament was made possible at the Washington conference only because the powers concerned had decided to jettison the Anglo-Japanese alliance. No one who was in close touch with the situation in 1921 can forget the days of tense excitement while this question was being debated. The conference had been called and the delegates with their aides were already in Washington. But a delay followed that was at first inexplicable. Then, little by little, from behind the screen of silence maintained by the delegates, it leaked out that unless the Anglo-Japanese alliance were ended the conference would come to nothing.

Great Britain and Japan had for their own purposes made this alliance. But during the World War Japan revealed the policy she has consistently followed toward China and attempted to raid that shapeless and headless country under the banner of her Twenty-one Demands. The Western powers compelled her to withdraw from this position. Although Japan had been of some value to the Allies during the war in protecting commerce on the Eastern seas, when the war ended Great Britain was content to withdraw from the alliance. In urging so strongly that the alliance be voided, the United States was actuated both by motives of sentiment and a natural and laudable desire to increase its commerce. We wanted the doors of China kept open.

Japan consented—and until she did the conference was at a standstill—to end her alliance with Great Britain. But she exacted her full pound of flesh. For a two-power pact Japan obtained a four-power pact. Instead of being the partner of one great nation she became the associate of Great Britain, France and the United States. From second rank she rose to first at a bound. But that was not all. She consented to the 5:5:3 ratio on the assumption, assented to freely by all, that it would give her perfect defense, her geographic position being what it is. The Japanese delegates in addition demanded that the fortification of the Pacific islands be forbidden by the powers holding them as of former right or by mandate. They insisted that Great Britain should stop the fortification of her Hongkong base and that the United States should not further improve the bases at Guam and in the Philippines. Without these bases and without other protection on the islands it would be impossible for the United States to hold the Philippines against a determined attack.

These demands were granted because the Western powers believed that they were thereby making war in the Far East impossible. The sea distances are so great that the absence of effective bases must discourage any prospective belligerent. Britain and America further understood, quite definitely, that the value of this concession to Japan's security was not to be increased by the unlimited building of auxiliary vessels by Japan. But this understanding is now challenged by Captain Gumpei Sekine in November CURRENT HISTORY when he says that the Japanese naval authorities consented to the proposals "with the understanding that we might carry on unlimited building of auxiliary vessels."

In order to obtain for Japan the inestimable gift of perfect security and what amounts to the grant of a free hand in China the United States gave up the naval dominance of the world. At that time the American Navy was becoming the most powerful the world had ever seen. The British Navy was second in point of strength, although burdened by some vessels which were approaching the age of obsolescence. Though the Japanese Navy was new and powerful, it was less than 3 to 5 of ours, but Japan had become so conscious that the Western nations were looking with suspicion upon her adventures in China that she was building at a rate she could not afford financially to maintain for long. There was no naval race between Japan and the United States at this time, as has so often been said, even if both countries were overbuilding, and though friction was growing, there was no apparent danger of war between them.

The 5:5:3 ratio and the consequent naval holiday, which were not possible until the Anglo-Japanese alliance had been ended, reflected the worldwide weariness of war and the restiveness of taxpayers at the thought of continuing to shoulder burdens in peace which they had borne with more or less resignation during the war. The 5:5:3 ratio was adopted solely because it was a rough-and-ready device that avoided the intricacies of each nation's needs and corresponded with each nation's naval strength at the time. In each country a number of ships considered as surplus by the statesmen of the day were lopped off the estimates, so that in relative strength the three nations were left precisely as they were before.

In the decade that followed the United States refused to build up to treaty strength. There was a persistent belief, spread by important, ex-

tremely vocal and very well financed societies of pacifists, that if America did not maintain her navy at treaty strength the other nations would presently be overcome by shame and would likewise stop building. Needless to say, no other nation followed the American example. In 1926 President Coolidge tried to rouse their consciences and asked that they meet in Europe to agree upon a formula for further disarmament. The results of that conference were so disheartening that in 1928 Mr. Coolidge announced a program for shipbuilding, and followed it with a note in which he commented bitterly on the unfairness with which America's disarmament suggestions had been received.

During this period Americans did not seem to realize that failure to keep the American navy built up to treaty strength had dislocated the disarmament agreement of 1921, for which the world gave the United States almost exclusive credit. Theodore Roosevelt's advice had been forgotten. We were walking softly but we had thrown away our big stick. No one listened to us in international conference.

In 1933 a change took place in the American attitude, as represented by the administration and by popular opinion. Americans again became conscious of sea power. This is seen in many ways. The talk in public places is almost invariably resentful of the weakness into which the United States has fallen on the seas. When President Roosevelt asked for generous support for his program to rebuild the navy, it was granted by Congress with what amounted to enthusiasm. Representative Vinson, author of the bill which provided for the first long forward step toward a stronger navy, declared on the floor of the House that if the other nations would not

disarm with us we would build with them: "Our past negligence is not to be taken as a prophecy. We will match them ship for ship and gun for gun."

Congress, always in close contact with the voters back home, would not have maintained this new enthusiasm for the American navy without certainty of voter support. In 1933 and 1934 laws were enacted and orders issued that will bring the navy to its full treaty strength by the end of 1942. Until then it must lag sadly behind the British and the Japanese. Great Britain will have built to treaty strength at approximately the end of the treaty period. Japan now is practically built to treaty strength.

Americans have noted the candid and well argued refusal of Great Britain to reduce her naval protection for reasons involving the national safety. Every one of those reasons may be applied to the position of the United States, and to the demand of Japan that she be given full naval equality on pain of voiding the existing treaty. Americans may hope that the world may be spared another war, and to be prepared if war comes, but they know now that a neutral nation is merely the handmaiden of the strongest belligerent if she is not prepared to defend her rights upon the sea. Three times America has been forced into war to protect her right to trade at will—once with France, once with Great Britain and once with Germany. The two other major maritime nations are likewise determined to make sure of safety. Japan has lost no opportunity to declare that if she is not granted precisely the formula she thinks essential, she will withdraw from the conference. On the authority of Hector C. Bywater, writing in October *CURRENT HISTORY*, "Great Britain may be expected to drive a hard bargain."

The conference of 1935 very likely, then, will bear only a remote resemblance to that of 1921. The end desired at each conference remains the same. Each of the treaty nations hopes to acquire some assurance of enduring safety. The conditions under which that end will be sought have been altered. The United States is no longer under the spell of an evangelistic fervor. It has realized that statesmanship may not safely be governed by sentiment. Its delegates will not attend the conference bearing gifts but to make certain of American security. At once it becomes evident that the conditions facing the three maritime nations are quite dissimilar.

Great Britain must retain command of the European waters. This is possible only with a strong fleet based on her home ports. At the same time her widespread trade routes must be protected. Her long string of fortified bases—Gibraltar, Malta, Egypt, Aden, Bombay, Colombo, Hongkong, Sydney, Auckland, Esquimalt, the West Indies and Bermuda, not to speak of the \$50,000,000 base now being rushed to completion at Singapore—enable her to do this with a minimum of sea power. But America can protect her merchant vessels in time of war only with ships able to keep the sea for a long period and steam great distances.

It is this fact that prompts the suspicion that Mr. Bywater was indulging in gentle humor when he wrote that "the United States, if called on to state her reasons for demanding a navy second to none, would have to appeal to academic rather than to concrete principles." Washington, he declared, can afford to view the development of sea power by other nations "with Olympian calm and detachment." He admits that Americans would properly resent a foreign at-

tempt to suggest, if not dictate, "the limits to which the United States Navy should be developed," but he argues that we have no need of a navy "second to none" except for considerations of prestige.

An examination of the American case does not support this assumption. There will be no attempt to return to that position of apparent dominance in world naval affairs that the United States held in 1921. That position was voluntarily abandoned. We were able to obtain for other nations and ourselves an arrangement which promised to give to each the safety it desired and which would not give any nation preponderant strength if the other nations built up to treaty limits simply because we had something to pay for their consent. Today the American navy is definitely in the weakest position. Great Britain is in fact stronger on the seas. Japan is sheltered in an impregnable fortress.

The United States Navy is a national institution, not a political influence or a political factor. One after another the various Secretaries of the Navy have formally stated its purpose in terms almost identical with the words used by Secretary of the Navy Swanson in 1933: "The fundamental naval policy of the United States is to maintain the navy in sufficient strength to support the national policies and commerce and to guard the continental and overseas possessions of the United States."

National policies are invariably economic. The effort to earn must be accompanied by an effort to retain what has been earned. For the United States, as for Great Britain, the navy is the first line of defense. If we look at a map of the world it becomes clear that the United States is, except as to Canada and Mexico, virtually an

island. Our relations with all other countries, friendly or hostile as they may be, depend on sea power. Our navy is as important to us as the British Navy is to Great Britain. Without it our foreign commerce and our merchant fleet must be injured and perhaps destroyed in time of war. Injury of that kind is sometimes irreparable, as was demonstrated during our Civil War.

A national policy that cannot be successfully maintained must be abandoned if challenged. An inquiry into the permanent policies of the United States which the navy may be called on to uphold seems advisable. First in point of age is that of political isolation. The United States often cooperates with other nations for a given purpose but never enters into a treaty of alliance. This may on occasion call for a naval force strong enough to protect American liberty of action. The Monroe Doctrine is the immediate junior to the doctrine of isolation. It has twice been challenged. In 1864 a strong American navy and army prevented Maximilian I from seizing Mexico and in 1902 the navy compelled Germany to withdraw from its position in regard to Venezuela.

Conditions in the Caribbean area naturally come under the general head of the Monroe Doctrine. If the Panama Canal were closed in war American naval forces might be divided. Although the army is entrusted with the defense of the canal, the navy must be responsible for the provisioning of the fortress. It is true that the United States abandoned its position as a defender of neutral rights during the World War; yet this did not take place until we were a party to the conflict. If there should be another war in which American sympathies were not so strongly engaged as in 1917, the nation would maintain its

traditional position. The doctrine of the Open Door in China is in abeyance just now, but no one knows what might happen in the future. The present restrictions upon immigration may at some time be challenged because of the temptation offered by the wealth of the United States. If the bars were let down the story of Hawaii would undoubtedly be repeated, and California would become a Japanese coast.

That the retention of American possessions in the near Pacific is a permanent policy will not be questioned. To this is added the perplexing problem posed by the Philippine Islands. At the end of a ten-year period the Philippines may accept independence. In any case the United States is left in an unenviable position. By the Washington treaty the bases of Corregidor and Guam may not be further fortified. They could not withstand attack by a strong force for long. Without such bases the United States would be at a very serious disadvantage in Far Eastern waters. If the Philippines elect to become independent America has reserved the right to retain these bases. This amounts to a resignation of commercial profit and a retention of responsibility.

European commentators have taken the position that the two long sea coasts of the United States could not be successfully blockaded in the event of war. Nevertheless, it would be serious if a fleet of superior strength were to hold position on either coast. The fertile inland country would furnish food in abundance, but it would be at least theoretically possible for fast war vessels and bombing aircraft to raid the coastal cities unless we had a naval force able to keep the coasts free. The narrow seas of Britain seemed to be comparatively easy to defend. Yet German raiders were able

to get through the cordon frequently enough to cause annoyance, even if the British were neither frightened nor disheartened.

Moreover, five years of depression have taught Americans that a considerable share of their comfort and prosperity has depended on foreign trade. Congress has continued to appropriate money to aid the American merchant marine in spite of frequently voiced criticism of the manner in which the United States Shipping Board has conducted its affairs. The generous Congressional grants for the building up of the navy were based in great part on the need of protecting the merchant fleet in time of war. There is no disposition on the part of the American public to depend on the friendly offices of another nation for this protection. Secretary of Agriculture Wallace sent up a trial balloon when he suggested that the United States might gain through the payment of the war debts if the ocean-carrying trade were turned over to other nations. The hostile reception given that idea was extremely significant.

It is ridiculous to suggest that the United States and Great Britain will ever again engage in war. The two countries have occasional tiffs but on the whole understand each other fairly well. But it does not follow that if we were at war with another nation Great Britain would be so altruistic as to protect our merchantmen. Her own national interests would quite properly come first. Unless we can defend our merchant ships the commerce they carry must very largely go to the ships of other nations able to defend their carriers. British statesmen want a defense at sea suited to Britain's peculiarly fortunate position. The American naval problem differs in pattern but not in

magnitude from that which Britain faces. In some respects the two countries are following a curious parallel.

An agreement of a sort was reached by Great Britain, the United States and Japan in 1930 because of the similar purposes of the British and American governments. A Labor government in London was, to quote Mr. Bywater, "anxious for party purposes to achieve a spectacular coup in the realm of high politics." The Hoover administration may have been actuated by much the same motives as well as by a conviction that a reduction in armaments would eventually ensure world peace. This left Japan in a position to get her own way. Her ratio was increased from 5:3 to 5:3½, and by that much her position in the Far East was strengthened.

Precisely as in this country official opinion and popular sentiment seem to be in agreement that the United States will not again attempt to secure world safety by giving its own weakness as a bond, so the dominant political parties in Great Britain have declared themselves in opposition to further disarmament. The British naval budget has been increased, 2,000 have been added to the fleet personnel and it has been decided to build heavier cruisers to match the 10,000-ton cruisers which the United States insists are essential to the safety of its commerce. The British base at Singapore is indispensable to the protection of Britain's Asiatic interests in the event of a war in the Far East. The base at Hongkong is, according to press reports, being improved so far as is possible within the limits of the Washington treaty. Mr. Bywater has suggested that if America resigns the Philippines our Asiatic squadron would be withdrawn. It is only necessary to point out that this squadron was permanently stationed in the Far East

long before we took possession of the Philippines.

At the 1935 conference American eyes will be turned toward the Far East. Our relations with Japan have not been altogether pleasing. In an attempt to maintain the provisions of the Four-Power Pact, which was later supplanted by the Nine-Power Treaty, both of them designed to protect China and maintain peace in the Far East, the United States protested against recent Japanese action in Manchuria and China. No support was offered by the other signatories to these treaties, and Japan had her way. The United States was allowed to bell the Japanese cat all alone. The British Government ultimately issued a statement to the general effect that the Japanese explanations had been satisfactory.

Even before Japan was assigned the former German islands in the Pacific under mandate she was virtually immune to successful attack. Her mainland is in reality one great fortress, lying behind a series of highly defended bases which parallel the coast of Asia for 2,600 miles. They reach from her northernmost outpost in the Kurile Islands to Formosa. This Gibraltar of the East lies within 250 miles of the Philippines, on which the United States has a very imperfectly defensible base. If it were possible for an enemy force to penetrate Japan's island screen and set foot on the mainland it would only be to meet one of the two most formidable armies in the world.

Japan now owns two-thirds of the Sea of Japan. The narrow straits of Tsushima, in which Admiral Togo destroyed the Russian fleet in 1904, provides the only southern entrance. It is commanded by long-range batteries on the Korean shore. The three narrow ways which give entrance from the north—the Tartar Straits,

the La Perouse Straits, and the Tsugaru Straits—could easily be closed by mine fields and fortifications. As long as the Sea of Japan is in effect a protected waterway to the Asiatic hinterland Japan is in no danger of a shortage of food or raw materials. To the south lie 1,400 islands that would have to be cleared one by one if an enemy fleet should attempt to penetrate to the Japanese coast. Each would provide a base from which bombing aircraft and submarines might operate. Through her bases at Formosa, in the Pescadores and in the Nansei Islands, Japan has control of the Yellow Sea.

Captain Sekine, writing in *CURRENT HISTORY* for November, says: "Our [the Japanese] treaty navy, even if it were built up to its 60 per cent allotment, could be but 36 per cent effective in actual combat against an opposing naval force of 100 per cent" in obedience to the law of N square. He ignores the fact that all naval battles have been fought close to shore. Therefore, if the United States fleet were to attempt aggressive operations on the Japanese coast the Japanese could use all the shore-based aircraft as well as the smaller vessels of types which Japan has been building actively in the past few years. Captain Sekine likewise ignores the fact that sea power is built of combatant ships, plus merchant marine, plus defended bases. In the Far East Japan is superior in these factors to the United States. She has already built to treaty strength, whereas the United States will not reach that position before 1942. Captain Sekine in his article considered only combatant naval strength and omitted to mention the other factors of the situation.

The United States, moreover, is compelled to consider the national attitude of the Japanese. They are es-

entially a military people, rightfully proud of their traditions, and able to point to their successes of the past half century as an evidence of the wisdom of their course. Their territories have been added to by the sword, with the result that other nations are forced to scrutinize closely every move made by Japan.

It is difficult, therefore, to accept Captain Sekine's argument that what has seemed aggression to us has been in each case an act of legitimate self-defense. Nor can his insistence that the fact that the Philippines may gain their independence "is a purely domestic problem of the United States and has nothing to do with naval disarmament" be easily reconciled with the Japanese position at the Washington Conference in 1921. Japan was then willing to accept the 5:3 ratio on condition that there be no further fortifications in the Far East. Now she insists that these restrictions be retained, but declines to consider them as a *quid pro quo* for the maintenance of the present treaties. Japan would eat her cake and have it, too.

The nearest American naval base is Hawaii, 3,400 miles from Manila. If there were war with Japan and the United States battleship fleet were ordered to the East, it would arrive at Manila, an almost undefended port, with greatly depleted fuel supplies. The strong Japanese battle fleet, supplemented by land forces, might quite possibly succeed in reducing Corregidor long before the American fleet could arrive. It follows as a matter of course that the American fleet must consist of the larger types of battleship, with abundant fuel capacity, in order that they might be able to keep the sea. If the Japanese demand that ships of this class, which she has defined as "offensive" weapons, were to be accepted as such by

the 1935 conference, the United States would be helpless in the Far East. An alternative might be the raising of the present prohibition against the fortified bases, but this is unlikely both because the United States would not care to do anything that might be construed as provocative and because of the opposition that Japan would certainly offer.

Perhaps the most striking statement in Captain Sekine's discussion of Japan's naval needs is that, "even granting that the facts justify America's attitude toward her markets in the East," it must be remembered that markets only exist where there is peace and that it "would be impossible for any country other than Japan" to keep the peace in the Orient. The implications are inescapable. Japan may not be opposed to the Open Door, but she proposes to keep her hand on the latch. To this frankly exposed determination America will assuredly be opposed at the 1935 conference. Such a situation undoubtedly has within it the seeds of trouble.

Before the Pacific position can be considered at the 1935 conference, it may be that the European enigma must first be solved. France and Italy are showing signs of engaging in a naval race of their own. Germany has already produced a "pocket battleship" that is obviously feared by the other European powers. Great Britain, in order to protect her own position, may perhaps have to insist upon a strengthening of her forces, and the United States would then in turn be forced to add to its line of battle. In any event the Ameri-

can position is in effect what it was in 1921. The goal of American effort will be so to distribute sea power that no single nation may again regard the sea as its private dominion and to reduce the burden on the taxpayer. In the background will be the conviction that sea power is more safely entrusted to nations that live by trade and therefore desire to promote peace, and that have no huge standing armies. Precisely what technical means will be utilized to this end have not been disclosed, as this is being written. It is difficult to obtain parity by means of a formula. The international position has changed since the time of the Washington treaty, when it was possible to obtain an agreement by what Mr. Bywater well describes as rule-of-thumb methods. Now the situation as among the powers is more intricate.

To the best of American ability, every chance was given to good faith and fair play in 1921 for the sake of world peace. Little came of these sincere efforts. The hope that other nations would reduce their armaments if the United States led the way proved illusive. As American sea strength waned American influence in the councils of the nations grew weaker. It may be assumed that an agreement of some sort will be reached in 1935. A nation would be ill-advised to take steps that might result in another naval race. Nevertheless the situation today, as compared with that in 1921, obviously contains far more threatening elements and greater possibilities of danger.

Hints to New Deal Critics

By LINDSAY ROGERS*

EVEN the most indiscriminating supporter of what is generally described as the New Deal can hardly deny that questioning and criticism are now more vociferous than a few months ago. In many quarters optimistic hopes have been apparently supplanted by examinations of reality which are both sympathetic and hostile. For this change in the public mind explanations will be almost as numerous as the explainers.

Manifestly a principal cause is the more critical scrutiny by portions of the public of the impact of various legislative and administrative policies. The sum of the portions is not greatly less than the sum of the public. Moreover, some of those directly affected are becoming disaffected. But apart from the caress or bite of particular policies, there are, I think, certain general factors which are always important obstacles in the way of any program which emanates from Washington. They exist irrespective of whether what is attempted is "sound" or "unsound." It is worth while to review these obstacles; critics may be less carping if they have them in mind.

First, however, attention should be called to one method of attack which is the more unfair because it promises to have some effectiveness. Certain critics manifest a growing tendency

to exhume promises made during the Presidential campaign and to point out that they are contradicted by the administration's performances. Definite promises were made to balance the budget, to reduce Federal spending, to abandon the "unsound policy of restricting agricultural production to the demands of the domestic markets," and to remove "government from all fields of private enterprise." Every schoolboy knows that these promises have not been kept, but what of it? To ask this question is not to take the cynical view of a party platform as something to get in on and not as something to stand on after one is in. Nor is it to accept lower standards of veracity during campaigns as well as before a wedding and after fishing.

The fact is that the situation confronting the country and the incoming administration in March, 1933, was vastly different from the situation which existed in the Summer and Autumn of 1932. Some may argue that the ominous blackness of March, 1933, resulted from lack of collaboration between outgoing and incoming administrations during the previous four months. But the Constitution and the laws ordained the interregnum and an almost superhuman degree of disinterestedness and mutual confidence would have been necessary to make the interregnum ameliorating instead of devastating.

Since it was the latter, measures had to be taken at once to stop further destruction and to attempt repairs

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of the ruins. Should there have been hesitation because of campaign pledges? "A foolish consistency," said Emerson, "is the hobgoblin of little minds, adored by little statesmen and philosophers and divines." Any attempt at consistency would have been foolhardy as well as foolish. What has been done since March, 1933, should be judged on its merits and no attempt should be made to blanket it under an indictment drawn so as to impress the unthinking—a general indictment that what has been done does not jibe with the promises of candidates and party.

Events made the promises either impossible of fulfillment or inadequate to meet the emergency. A new program was therefore prepared and it should be judged on the basis of whether its individual parts and its ensemble were as good as they should have been and whether their execution has been efficient. Whatever one's judgment by these standards—whether one thinks that everything has been perfect or whether one thinks that there have been unwisdom in legislation and incompetence in administration—one must, as I have said above, admit the existence of certain general obstacles to any program.

These obstacles are institutional and sectional. They are a bulwark of the elements in the community which, naturally enough, strive to protect their vested interests. First in importance among the institutional obstacles is the impotence of the instrument of party as an aid in the passage and execution of Congressional statutes. An important corollary of this impotence is the incompetence and irresponsibility of the opposition.

The unreality of party divisions in the United States is no new discovery. It has long been recognized. We have a two-party system, but our two parties

do not function at all in the way in which the theory expects them to function. A party, the theory holds, should play the rôle of a broker. It should select issues and put them up for sale to the electorate. This means that each party must put forward a reasonably consistent view of the main issues demanding political settlement at any given time and should make proposals for the manner and method of the government's dealing with them. Differences in detail there may be, but substantial agreement on broad fundamental issues is essential. One of the two parties, when in power, can try its program. It is responsible for getting that program on the statute book and then for its execution.

Popular approval will continue the party in power; unpopularity will lead a sufficient number of voters to withdraw their allegiance and the opposition party will come in. It will then be responsible for trying out its program. Of course, as new issues emerge and the parties take their positions upon them, or as they adopt different views of old issues, there should be a certain number of defections. Some prominent members and even leaders should find themselves out of sympathy with their party's policy. They should shift to the other party.

That, for example, has not infrequently happened in Great Britain. The "Peelites" went over to the Whigs, and the Liberal Unionists to the Conservatives. Men as eminent as Gladstone, Lowe, Palmerston, Chamberlain and Winston Churchill changed their parties without bringing their political careers to an end.

But prominent members and leaders of American parties always remain regular. What prominent Democrats were once Republicans and what prominent Republicans were once Democrats? There have been no im-

portant shifts. One reason is that the two American parties are little more than bottles which contain mixtures of local political organizations and which have old labels. Senator Jim Watson of Indiana and Senator Reed of Pennsylvania are both Republicans, but they have been in the same fold with Senator La Follette, Governor Pinchot and Senator Norris of Nebraska. Huey Long and Peter Gerry are both Democrats, and so are Senators Thomas and Glass. In short, within neither American political party is there any substantial agreement on the more important issues; and between the parties as parties there is no substantial disagreement.

For years the result, so far as Congressional legislation is concerned, has been the passage of laws by bipartisan majorities. So long as the legislation was either routine or not exceptional—legislation, that is, which accepted what most thinking people had agreed for some years should be accepted—bipartisan majorities made for party irresponsibility and confused thinking, but they did not greatly matter. When, however, the emergency required a vast mass of new legislation which leaped into the dark so far as public preparedness was concerned, the impotence of the party instrument took on a new importance.

A Democratic administration, not the Democratic party, has sponsored the New Deal. The result is a confusion of the public mind. The public is puzzled. Acceptance of decisions is more difficult and criticism of decisions more irresponsible.

Thus verdicts at the polls become rather meaningless. I write before the Fall elections, but whatever the electorate may say on that day will be inconclusive. What is said will be argued about interminably. We should

have at the present time a rather definite expression of public opinion, but we will not get it, and without it a fog will still enshroud the electorate's attitude toward various phases of the New Deal program.

Nearly all the candidates, to be sure, have tags—they are either Democrats or Republicans—and most of them have had to say rather definitely whether they are for or against the Washington experiments. The candidates must keep the tags because, if they do not, their political lives are probably over. A member of the House of Commons who fails of election in one place tries elsewhere, but in the United States we insist (unfortunately) on a connection of Congressmen by residence with the constituencies that they represent. Hence, candidates in the United States are much more interested than are British candidates in placating local political organizations and in espousing policies approved by constituencies, even though those policies may be at complete variance with the policies of the chiefs of the national party.

A good many Republicans will return to Washington this time hanging on the President's coat tails. This seems to them the way to get back, but if they get back that way who can determine whether the coat-tail hanging helped? If they should be unsuccessful (and this applies to Democrats as well as to Republicans), they must wait to try again in the next election in the same constituency. They cannot go elsewhere to find supporters who will approve of their views.

Hence Republican as well as Democratic Representatives and Senators are boasting of the amounts of Federal money spent in their districts. What the administration now needs—midway in its first term—is a clear mandate from the electorate and it

will not get it. One reason is that the 1933 emergency—the millions of destitute unemployed—made necessary action which has turned out to be a variation of an old political device—the pork barrel.

The issues that governments now have to deal with are so spectacular and the electorate is so volatile—as in 1928 and 1932 shifts of millions of voters conclusively demonstrated—that tried political methods of spoils appointments and elaborate organization are no longer effective. Time and money are still spent on them—with loss of efficiency in the governmental service—but in this respect, at least, there is a "New Day," to use an unhappy phrase of Mr. Hoover's. Now politicians and political observers find food for profound thought in Job's questions, "Doth the wild ass bray when he hath grass? or loweth the ox over his fodder?" That is a biblical anticipation of Alfred E. Smith's belief that the voters do not shoot Santa Claus.

The attitude may be temporary because, as Carlyle said, "the love of men cannot be bought by cash payments and without love men cannot endure to be together." Nevertheless, a large Congressional contingent will be returned to Washington because of government spending, and as President Roosevelt looks at the alleged supporters whom he thus has, he may be reminded of the remark that the Duke of Wellington made after he had reviewed some new recruits for the British Army. "I don't know whether they will frighten the enemy," said the Duke, "but, by God, they frighten me."

If the American party system throws up supporters who may frighten the President, it also makes the "enemy" more irresponsible than he should be. Laws go through Congress

without any party criticism. The only opposition comes from individuals. It is therefore likely to be viewed as capitious. From the standpoint of the sponsors of the laws it would be far better if action could take place only after all possible objections had been adequately voiced. Some of them would doubtless be heeded. At all events, the proposers would know in advance of legislative action just what could be said later in criticism of that action.

Similarly, the workings of the Congressional system mean that there can be no day-by-day criticism of the administration. Relief administration in Great Britain, for example, can be under constant scrutiny by the House of Commons through questions and replies by responsible Ministers. But there is in the American system no opportunity for Congress to see responsible officials face to face and ask them what they are doing. The only Congressional weapon is a Senatorial investigating committee and that is rarely pulled out of the arsenal until after the horse is stolen from the stable. As a result, administrative errors can continue unchecked and even unremarked, although the administrators responsible for them would have no hesitancy in making the necessary corrections, were they demanded by leaders of the opposition party in the Legislature.

An accumulation of these errors leads inevitably to a growing chorus of criticism in the country, a chorus which could have been avoided by avoiding the errors, and the errors could have been checked had there been a machinery for pointing them out. "It has been said," wrote Walter Bagehot, "that England invented the phrase 'Her Majesty's Opposition'; that it was the first government which made criticism of the administration

as much a part of the polity as administration itself." Such an opposition is highly useful at all times. It is especially indispensable when great events are in the making. Its complete absence from American political life is far from a boon to those in charge of the government.

The reader may think that comparisons with Great Britain are too much relied upon, but there is distinguished precedent in a discussion of the New Deal. In his radio address on Sept. 30, President Roosevelt said that certain men, "fortunately few in number," who were "frightened by boldness and cowed by the necessity for making decisions" were "coming out of their storm cellars" and were alleging that Britain had "made progress out of her depression by a do-nothing policy, by letting nature take her course." That the President denied. But the point here is that Great Britain, in not letting nature take her course, had the advantage of party and did not have the disadvantage of pressure groups and of sections. The existence of these has interposed formidable obstacles to any Washington program.

It has long been clear that one of the reasons for the decline of Legislatures in authority and in public estimation has been the competition for public attention which they have endured from, and the pressure to which they have been subjected by, organized groups.

In Great Britain the government can triumph over such associations more easily than can the American Government because the Cabinet leads the House of Commons and puts legislation through by party majorities. A demand by veterans for increased pensions or by labor for legal protection of its organizations is a demand which has to be considered in the British Cabinet, and it is there

that the compromises are worked out.

In the United States the compromises are worked out in the Legislature and frequently the compromise is one unpalatable to the Executive. Such groups rarely get all they seek. Some dissatisfaction is inevitable. Groups which get concessions are irritated by concessions made to other groups. The immediate result is a series of laws which give more or less special favors, and not a comprehensive, well-rounded program. If legislation is designed to hold up the price of wheat, then cotton and other farm products cannot be neglected. No section of the country can be overlooked in appropriations. If the engineers have no worth-while public works projects in mind for a particular area, they must devise projects into which the appropriate number of millions can be poured.

But it will be said that the obstacles I am listing are all old ones and that they cannot be removed without a remodeling of American institutions. That is true, but it is necessary to keep them prominently in mind because they explain much of the criticism and doubts which are now being expressed.

"Why, then," the question will be asked, "were the obstacles not formidable during the first year of the Roosevelt administration?" The answer is that during that first year there was less questioning of objectives. So panicky were the electorate and business that they accepted anything proposed and had a childlike faith that it would work. For the first year there was so little questioning of objectives that the ordinarily confident old guard of the Republican party feared to do otherwise than remain silent. For more than a year it was even afraid to damn bureaucracy and praise liberty. For a year after

March, 1933, the objective of victory over the depression (while perhaps not so clearly understood) had almost the same sedative effect on criticism as had the objective of victory over Germany after April, 1917.

In 1933 disaster was avoided. Normalcy seemed to be back for a considerable portion of the population. Much of the remainder was on relief and was at least not hungry. But the millennium was not at hand and the obstacles discussed above encouraged two factors which now serve to account for some of the jaundiced eyes which view the New Deal legislation. One factor is uncertainty as to future action; the other is a growing conviction on the part of the privileged that they are to have fewer privileges.

Enormous powers were granted to the President. In effect Congress abdicated. This was inevitable and wise. But the manner in which the powers are exercised may be varied as the President thinks desirable. Hence there is uncertainty and therefore uneasiness as to the future. Better it would be in some cases if Congress now proceeded to lay down legislative rules. Then modification when proved to be wise would be more difficult than modification by executive order. It would take time, but rigidity along slightly wrong lines would be compensated for by greater assurances as to the immediate future.

Finally, there is the latent but ominous self-contradiction in the New Deal which was completely ignored so long as despair was not dissipated. On the one hand there is no challenge of the basic assumptions of a capitalist society. The more conservative members of the Cabinet come forward rather regularly to extol the profit-making motive and to insist that it is

not to be regulated. On the other hand, the program can be successful only if the national income is rather drastically redistributed. A more abundant life is possible for the many who have not had it only if a less luxurious life is the lot of those who enjoy luxury.

No matter how many reassurances are issued, we are now at a point when the many who have political power are demanding that capitalism be more successful in giving them comfort. In the past, capitalism has done this not well enough to gain the allegiance but just well enough to avoid the active mass hatred of the politically enfranchised. The cost has not been high enough to cause any real sacrifice.

But capitalism collapsed, and a reconditioned ship must begin again its voyage through waters made dangerous by both the jetsam and the flotsam of the last five years. A New Deal assumption is that the owners of the ship will be altruistic; that they have learned a lesson and that they will not attempt to assess the entire costs of the voyage on the passengers. Five years ago, when the ship almost foundered, the owners sent out an S O S, but I strongly suspect that they will fight hard against paying the costs of salvage.

Here is the real obstacle to any legislative program which representative institutions enact to care for victims of a capitalist society. It is an obstacle which will exist irrespective of the excellence or defects of particular policies; and it is an obstacle which in the United States is made far more formidable by the impotence of party and by our inability to mitigate the rapacity of groups and the selfishness of sections, save when we believe ourselves to face disaster.

The Moral of the Elections

By E. FRANCIS BROWN

THE mid-term elections have come and gone. The New Deal has been taken to the country and, if the results of the national referendum are to be accepted at their face value, has been overwhelmingly approved. The test of time, to be sure, may disclose that the President's victory was Pyrrhic, but for the moment the New Deal and its leader reign supreme.

On election night the Republican national chairman, Henry P. Fletcher, sat in gloom in the party headquarters at Washington. Telegrams from all parts of the country brought him the mounting list of casualties. The Old Guard had not surrendered. It had died.

When the Seventy-fourth Congress convenes in January many familiar faces will be missing: David A. Reed of Pennsylvania, arch-enemy of the New Deal, will not take his place in the Senate, nor will the stalwart Robinson of Indiana, Fess of Ohio, Hatfield of West Virginia, Walcott of Connecticut and Kean of New Jersey. Republicans all! In the House the veteran Fred A. Britten is listed among the lost. And so the story runs, for the campaign that ended on Nov. 6 brought the Republican party its most crushing defeat.

It is a defeat that gives the Democrats sixty-nine seats in the Senate, a gain of nine, and increases their representation in the national House to 322, thirteen more than in the last Congress. The Republicans suffered a like humiliation in the States. Pennsylvania, a Republican stronghold ever

since the Civil War, elected a Democratic Governor as well as a Democratic Senator. Even in rock-ribbed Vermont Republicans retained their offices only by dangerously narrow majorities. When the final count was made, the Republicans held Governorships in but seven States—California, Kansas, Maryland, Michigan, New Jersey, New Hampshire and Vermont. The only consolation the Republicans could find was the return of Maryland, Michigan and New Jersey to their control.

Except for the size of the Democratic majorities, there were few surprises. For weeks, even months, it had been recognized that the Democrats in the guise of the Roosevelt administration would triumph at the polls. Whatever hopes the Republicans may have had were dashed by their unhappy experience last September when Maine refused to heed the jeremiads of Republican word-spinners. Thereafter only two questions remained: How many seats would the Democrats gain in the Senate? Would they lose or gain in the House?

The campaign from its start had been passing strange, characterized by a listlessness among political leaders that was in direct contrast to public interest. Defeatism stalked through the Republican camp from that day last June when Henry P. Fletcher was chosen chairman of the Republican National Committee. The Democrats, safe behind the bulwarks of the President's popularity, extensive patronage and abundant relief funds, found their

strength to be in sitting still. Party lines were down anyhow, reflecting the confusion of thought and motive that grips Americans. And yet the total of registered voters was within 1,000,000 of the record high in 1932; twenty-seven States in fact showed an increase over registration in the Presidential year. Voters apparently had become politically conscious at the very moment that old-time party politics was waning.

The apathy of the professionals can be explained in part by the absence of issues. Senator James Hamilton Lewis said long before the voters were marshaled to the polls: "There are no parties in this campaign. There is but a single issue, support of President Roosevelt." Events proved the Senator to be right. It is not that real issues are lacking in the United States—such a contention would be patently ridiculous—but that neither major party is yet prepared to examine very closely the sores upon the body politic.

"Support the President" was in the end the war-cry of all Democrats and most Republicans. Though Republicans did mouth charges of governmental extravagance and waste, of corrupt use of relief funds, of dictatorship and mismanagement, these charges rang hollow, and no less in the ears of the Republican candidates than in those of the voters. Too many Republicans bestowed an accolade upon the New Deal for the G. O. P.'s hostility to be regarded as anything but a sham. How can this paradox be explained?

The most obvious explanation would be that the New Deal is above party. And there is some truth in that. President Roosevelt has been rather successful in running with the hare and hunting with the hounds. He has appealed to all groups for support, granted boons first to this one and

then to that; he has taken his stand as a President of all the people. Now it well may be that eventually such a policy is doomed to disaster, that in trying to bring about national recovery and justice for all, recovery will be lost and justice as in the past administered for the few. But in any event that is a matter for the future; the voters were and are concerned with the present in which Mr. Roosevelt appears their best, if not their only, bet.

Even before the voters had an opportunity to register this opinion at the polls, they had made it clear to opponents of the New Deal. Republican campaigners quickly discovered that criticism of what had been done by Washington awoke nothing but the feeblest applause. A shift in tactics then became noticeable. There was less talk of the New Deal, except to praise the President for his courage and leadership; there was more attention to local issues and those features of the New Deal which it was safe to attack in particular quarters.

But there are other explanations. Democrats sought to capitalize the popularity of the President. There is no need to labor the point. The Republicans, on the other hand, disorganized, bereft of true leadership, had nothing to offer in place of the New Deal except the New Era, which has been so long discredited. Unable to present a constructive program, they could do little except criticize what is being done, and such a policy in a day when action is both demanded and expected does not garner many votes.

The Republicans had some very real handicaps. Whether or not the stupendous sums which have been poured over the land in the form of unemployment relief, benefit payments and public works projects have been used for political purposes matters little;

what does matter is that all who have enjoyed the fruits of these very necessary measures of relief are grateful to the administration which made them possible. After all, one does not shoot Santa Claus at election or any other time. However much the Republicans might squirm, they could not escape the fact that the Roosevelt administration had been liberal toward a suffering people, while the Hoover administration was remembered for its parsimony.

The New Deal has raised a great bureaucracy—much to the delight, we have been told, of Postmaster General Farley. Never has so much patronage been at the disposal of a national party chairman, and that it has been used to Democratic advantage is more than probable. The result has been a party so strongly organized in this election that even a healthy G. O. P. would have found the Democracy a heavyweight opponent.

During recent months there have been assertions that President Roosevelt's popularity was waning. After the elections, the natural query is, "Maybe so, but with whom?" Not many men in recent American history have been privileged to enjoy the public mandate that now belongs to Mr. Roosevelt. Some reservations, however, are in order.

When it came to voting for or against the President and all that he seems to represent in the way of social justice, the majority of Americans could not withhold their approval. Even if a man or woman did not like the New Deal, what was to be gained by voting for Republicans? A mark in the Republican column seemed almost like a vote thrown away. Thus in many instances votes must have been given to the Democrats in order to express confidence in the President and to signify that no return to the Twen-

ties was desired. Democrats might therefore do well to ponder the full implications of their great good fortune at the polls.

The growing independence of voters evidenced by their desertion of the G. O. P. should in itself disturb the Democratic managers. On another occasion the desertion might be in an opposite direction. Moreover, the breakdown of party lines so dramatically emphasized time and again during the course of the campaign points to an impending political realignment.

It is difficult to recall any time when the distinction between parties was less clear than it was in these recent elections. In Massachusetts, for example, a former Republican Governor appealed to the present Democratic incumbent to join forces in order to elect a Democratic Senator and a Republican Governor. Local issues were involved, of course, but that such a proposal should be made at all disclosed the existence of a situation above party. On the other side of the continent the Republican Governor of California in an effort to snuff out Upton Sinclair and the EPIC movement had insisted that he was "heartily in accord with President Roosevelt's recovery policies!" Here the administration was being regarded as "safe," at least when compared with the Sinclair program which spread such terror throughout California.

New York Republicans showed their contempt for party regularity when they nominated Robert Moses for Governor, a man with a liberal reputation who had previously been considered more of a Democrat than a Republican. In Pennsylvania the Republican ticket had the support of Governor Pinchot, who, though nominally a Republican, is also an enthusiastic New Dealer. And yet the Republican candi-

date for Senator, David A. Reed, hated both the New Deal and Governor Pinchot. In New Mexico we had the final irony: Mark Hanna's daughter supported the Democratic candidate for Senator!

Much has been said about a leftward swing in America, but the elections give no certain answer. If the Roosevelt policies are to be classed as radical, then the country has moved a long way in a couple of years. But if they are called conservative the outcome of the election does not necessarily imply that a radical mood is not seeping through the United States. Just as between Republican and Democrat, so between conservative and radical, the voter had little choice; he disregarded labels and plumped for the side that at the moment promised the most.

The majority of the people are probably confused; their attitude is described in a letter recently received from a Southerner who said of the farmers in his region: "Nowhere do they know what they want—they are only beginning to decide what they do *not* want." But this same correspondent declared: "After hearing the people talk at the crossroads, I can find no mystery about the Summer elections—Sinclair, Bilbo, Long and Maine." Thus it may be that for want of a better way to express resentment voters lined up with the New Deal and that where there was an opportunity to manifest more directly their disgust with the old order they did so. Certainly in some States—in particular Wisconsin, Minnesota, New Mexico and California—they rallied about the standards of men who were further left than Roosevelt and his Democratic legions.

In Wisconsin the newly formed Progressive party—a party more left than liberal—swept to victory, return-

ing Robert M. La Follette Jr. to the Senate and electing his brother Philip to the Governorship of the State. The party also won seven seats in the lower house of Congress as well as numerous State offices. Senator La Follette, to be sure, had Democratic support during the campaign, but not so his younger brother nor the rest of the Progressive ticket.

Among many political wiseacres the outcome in Wisconsin caused surprise; among conservatives it struck dismay, for it pointed very definitely to an acceptance of radical principles by the voters. The results were the more disconcerting since the campaign had been fought on national rather than local issues. Was the Wisconsin election a straw in the wind? What was the meaning of this success for a left-wing party organized a scant six months ago? Did it portend, as its founders have asserted, the rise of a national party radical in purpose?

These questions take on added importance when the Progressive success in Wisconsin is ranged alongside the Farmer-Labor sweep in neighboring Minnesota. The Farmer-Labor party, more radical than the Progressive, has openly declared that capitalism is outworn and has demanded the creation of a new order. But a radical State platform did not scare Minnesota voters. They re-elected their Farmer-Labor Governor, Floyd B. Olson, by a tremendous majority and sent Henrik Shipstead back to the Senate for his third term.

In these two great Middle Western States there were definite swings to the left of the New Deal. New Mexico also, by re-electing Senator Bronson Cutting, despite administration opposition, indicated a receptiveness to left-wing appeals. Finally, in California there is abundant evidence of a

strong undercurrent of popular dissatisfaction.

If Upton Sinclair with a semi-radical program could poll nearly 800,000 votes, and this in the face of unparalleled opposition, conservatives have reason to fear that in California they have but scotched radicalism, not killed it. Even in an ordinary campaign Sinclair would have had trouble; a life-time of writing had left too much behind that could rise up to plague him. But this was no ordinary campaign. Had Sinclair been the devil himself he would not have been resisted any more relentlessly. Mark Hanna's methods of political attack were adapted and refined for modern usage. In the effort to knock out Sinclair there was little regard for the Marquis of Queensberry rules. Misrepresentation, desertion by the Roosevelt administration and his own indiscretions cost Sinclair the Governorship; yet in the face of all this, his 800,000 votes were most impressive. For conservatives there are still clouds over sunny California.

In most States there was little of interest. Some candidates were more liberal than others; a few until the bitter end remained outspoken in their denunciation of the New Deal. Local sentiments and local issues played their part in the success or failure of contestants. Governor Ritchie's defeat in Maryland, for example, had more local than national significance, even as did Republican success in New Jersey.

Though the election results seem to uphold the administration, it is a fact that the Seventy-fourth Congress, as the Seventy-third, will contain Senators and Representatives who are Democrats and not New Dealers, even as it will contain Republicans who will vote with, rather than against, the administration. Moreover, Democratic

Senators like Rush D. Holt of West Virginia and Lewis B. Schwellenbach of Washington are admittedly left of the New Deal. In short, party tags will mean less than ever. Perhaps such a situation would be without significance were it not for other trends which the election disclosed. Even in the midst of the campaign, as we have seen, party lines were broken. Moreover, the radical sentiment of some of the voters cannot be passed over as a temporary phenomenon. With all these things in mind there is reason for believing that a realignment of parties is in sight.

That prophecy has been made many times and just as often proved to be false. Yet with the continuing crisis and the unmistakable need for meeting it, possibly with heroic measures, the old parties have been put on the rack. The Democrats, thanks to Mr. Roosevelt, have wriggled out of this uncomfortable position and offered their solution for the nation's problems. But the Republicans have yet to find an escape.

Meanwhile, as this recent election showed, there is a growing demand for strong medicine. The Republicans, with their traditions of conservatism, seem unlikely to be the party to administer it. The Democrats may take on the responsibility, moving further to the left, even if it disrupts the old-time Democracy. But if they adhere to their New Deal as already outlined, then the Middle West may be the birthplace of a new party, radical in philosophy and program, which will attract the many dissident elements scattered across the United States. It is that possibility, to which certain aspects of the Fall elections point, which must keep both Democrats and Republicans awake nights. And it is that possibility which is the real moral of the elections.

Britain's Care of the Jobless

By AMY HEWES*

THE United States faces this Winter the task of devising some system of nation-wide social insurance. Reflecting though it must American needs and American traditions, it must no less have regard for Europe's experience with such schemes, particularly with systems of unemployment insurance. Here Great Britain has lessons to teach, for Britain not only was the first country to adopt compulsory insurance, but its plan is the most far-reaching of any in the world. Moreover, within recent months the British have debated and adopted an unemployment act which affords a new basis for their historic system.

This act is the first British measure to deal comprehensively with all the able-bodied unemployed men and women in the industrial population. It stands as the most important accomplishment of the National government and, notwithstanding the Labor Opposition's threat to wipe it off the statute book whenever they return to power, it has already profoundly altered Britain's traditional philosophy and practice in dealing with unemployment.

The provisions of the act aim to modify a system rooted in the needs of a country which has recently seen as many as a fifth of its workers idle, a proportion which today rises far higher in the "depressed areas." In

the mining villages of County Durham, for instance, industry has been at a standstill for years, with a resulting paralysis of the social life of the former workers. Near by are the Tyne-side towns, once beehives of industry engaged in building the world's giant liners, but now become what J. B. Priestley in his *English Journey* calls "derelict towns" because "nothing, it seemed, would ever happen here again," and because "idle men—and not unemployable casual laborers but skilled men—hung about the streets waiting for Doomsday."

The British system of unemployment insurance, though established by the Liberals in 1911, was not put on a national basis until 1920. Substantial modifications were made by the Conservative government which came into power in 1923, and revision was carried on by successive governments.

When continued unemployment forced the Insurance Fund to borrow huge sums from the National Treasury, the issue of economy was raised. So important did this become that it split the Labor party in 1931 and Ramsay MacDonald, then Labor Premier, yielded to the cry of economy. He gravely explained that the insured must pay higher contributions from their earnings and stand a 10 per cent cut in the out-of-work benefits if the country's credit abroad was to be saved and abandonment of the gold standard avoided. The majority of the party, however, hurled maledictions upon their leader, indignantly declared

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that no valid economy measure would put the burden of debt on the shoulders of the poor and, refusing compromise, gave up office.

The National government which succeeded faced the task of restoring the unemployment fund to an actuarial basis and of reducing the fund's debt which, it was claimed, was threatening the financial stability of the nation. Emergency measures immediately put into effect included the cut in insurance benefit which MacDonald had announced. In November, 1932, a Royal Commission on Unemployment Insurance recommended legislation, but another year went by before the government was ready to propose the permanent plan that is embodied in the act of 1934. This act includes not only amendments to the insurance scheme but also fundamental changes in the 300-year-old methods of local relief.

Great Britain has now spread three nets to catch and assist those who, for one reason or another, are unable to earn a living. A man who loses his job may be caught in the first net—unemployment insurance. He may, however, after a time, fall through this net, being no longer able to meet the standard insurance requirements; if so, he will be caught in the second net. This was spread as an emergency measure, an extension of the insurance system, but with easier conditions and with benefits, or "transitional payments," from the Treasury instead of from the Insurance Fund. In place of these "transitional payments" the new act now provides "unemployment allowances," which are still further dissociated from the insurance scheme and which are administered by a new body—the Unemployment Assistance Board. The third and oldest of the nets is the famous Poor Law, the last resort of the destitute, under which

relief is administered by local authorities.

Unemployment insurance aims to provide out-of-work benefits for all wage-earners with the exception of those employed in domestic service and agriculture. It covers also white-collar workers whose earnings are not more than \$1,255 a year. About 12,000,000 persons have the benefit of this protection. The insured population (and their employers for them) continue to pay contributions into the Insurance Fund even as before the new law was passed. But now children, who hitherto have not been admitted to insurance before the age of 16, may come in at the school-leaving age. They contribute 4 cents each week from their earnings, while a similar amount is paid for each child by both his employer and the Exchequer.

The bill as introduced by the government did not provide for the promised restoration of the 10 per cent taken from the benefit in 1931 as a temporary emergency measure. This omission caused so much protest that the government, during the debate, conceded the old rates; July 1, 1934, was fixed as the date for their restoration.

Today, therefore, an adult man out of work may claim a weekly benefit of \$4.25 for himself; for an adult dependent he may claim an additional \$2.25 instead of the former \$2. The rate for a dependent child remains at 50 cents in spite of the fact that this sum was denounced as insufficient even by some of the government's supporters. The government claimed that with the rates restored a man, his dependent wife and two children had, in terms of 1934 purchasing power, 87 cents more in the weekly market basket than in 1930 under the Labor government.

To American workers the British

unemployment benefits would once have seemed, if not too small to keep the wolf from the door, certainly not large enough to prevent him from lurking in the dooryard. The British recipient, however, though he may have to accept a much lower standard of living than he has known, has come to regard himself as better off than the American of today because the benefit is at least secure.

Few of the Greenwich laborers interviewed by Dr. E. W. Bakke in 1932 and described in his book, *The Unemployed Man*, complained of the small size of the benefit. One, a sheet-metal worker, long out of work, said to him: "I have no patience with men that grumble these days. I know that our unemployment benefit isn't much, but it's that much more than nothing." And then he added, evidently unaware of the tragedy in his comment: "You don't have to break up your home so soon."

Trade union and Labor party leaders, however, fought the bill in the House of Commons and bitterly criticized the rates because they made decent living for the unemployed impossible. Every man, it was claimed, is entitled to either "work or maintenance." The British Medical Association's Committee on Nutrition had estimated that the cost of adequate diet for a family of five amounted to \$5 (twenty shillings and one farthing) weekly. Naturally this report was cited as evidence to prove that if \$5 had to be spent for food, the balance of the \$7 then allowed a family of this size would not cover rent, clothes and other necessities. Sir Henry Betters, Minister of Labor, who defended the economy program of the National government, declared that full maintenance should not be the aim of an insurance scheme. It should, he held, provide only assis-

tance which during short-term unemployment could be supplemented by the worker from his other resources.

The act of 1934 restores the rates of benefit and extends the period during which it may be drawn. Previously all persons who could qualify (by having paid in thirty contributions during the preceding two years) could receive benefits for only twenty-six weeks in one year; additional days are now available for those who can show exceptionally good employment records. These are determined by a ratio which takes into account the contributions made and the benefits received during the previous five years. Thus a perfect employment record may yield a benefit period of fifty-two weeks, twice the length of the former maximum. Labor critics pointed out that enjoyment of this feature is furthest removed from those who have suffered most during the depression.

The government has congratulated itself upon the new opportunities the act has created for children. The principal advance is the closing of the gap between school and work, a period so full of possibilities for wrong starts in life. Not only are children admitted to insurance earlier but a child above the school-leaving age (at present 14), who voluntarily remains at school, may have a free credit of insurance contributions up to a maximum of 20. Additional training centres are to be established and attendance at courses of instruction is made compulsory for all unemployed juveniles under 18.

None of these provisions satisfied the Opposition, whose members insisted that the only right way to close the gap, the way dictated by sound educational as well as economic considerations, was to raise the school-leaving age and thus take these chil-

dren out of the labor market. They also contended that the courses should be the responsibility of the education authorities rather than of the Ministry of Labor and that they should be financed as education without assistance from the insurance fund.

Proposals for extending unemployment insurance to groups of workers who have hitherto been left out of the scheme received a good deal of attention during the debates, but, with the exception of agricultural workers, their status remains unchanged. Insurance for domestic workers was urged by Labor members who wished to have them considered as other wage-earners without discrimination, and by those who desired to have them included because they are "good lives." Since this class is not subject to unemployment to the same extent as the majority of industrial workers, their presence would strengthen the scheme. "Out-workers," "share-fishermen" and "black-coated" workers with incomes of less than \$2,500 were held up as groups which needed protection.

There was general sympathy for this last group. As a Labor member who introduced the clause to include them said, "when the black-coated worker becomes unemployed, in many respects he is in a worse position than the manual worker who * * * is not so much troubled with the need to keep up appearances. When the clerk or the professional worker begins to look seedy his chance of getting employment is undermined." The National Federation of Professional Workers and the Women's Liberal Federation supported the case for this group and pointed to the fact that there are now 300,000 or 400,000 such persons unemployed. Their plight is often more serious than that of the manual worker because they are more

reluctant to let their needs be known. Though the government did not deny that the insurance plan should ultimately include many people who are not now covered, it contended that their claims should be first considered by the statutory committee set up by the act for just such a purpose.

Agricultural workers, however, are probably nearer unemployment insurance than any of the foregoing groups because the act makes it specifically the duty of this same statutory committee "to make such proposals as seem to it practicable for the insurance against employment of persons engaged in agriculture." An inquiry into this subject has already been provided for.

The statutory committee has various functions. It is charged with oversight of the fund's finances, with recommending changes in the rates of contribution and benefit and methods of dealing with either a surplus or a deficit. Sir William Beveridge, the well-known authority on unemployment, has been made its chairman.

Members of the Opposition and even some of the Conservative members in the House disapproved this arrangement as removing important fiscal measures too far from the direct control of Parliament and the spotlight of Parliamentary debate. The more extreme Labor members denied the justice of an attempt to balance the budget of the scheme by adjusting rates of benefit. From their point of view the rates should be set where they yielded a satisfactory maintenance, for the insurance principle, they contended, had failed; the obligation for the complete maintenance of the unemployed rested upon the government.

The method to dispose of the debt accumulated by the Insurance Fund brought out sharp criticism of the

government's whole economy program. For years, the fund, in order to enable it to provide the large benefits occasioned by continued unemployment, has been authorized by Parliament to borrow sums from the Exchequer. At the time the debt was stabilized on March 31, 1932, the total amounted to \$575,000,000. It is to be liquidated by half-yearly instalments of \$12,500,000 over a period of thirty-seven years paid by the fund out of contributions for unemployment insurance.

Westminster was too small to hold the protests made against this arrangement; newspaper headlines all over the country reflected the unfavorable reaction to this shifting of the burden of the debt from taxpayers to wage-earners. In Parliament arguments of the type long familiar in international debt controversies were vainly leveled against the plan. The government was asked by what consideration of fairness the burden should be put upon the shoulders of "workers yet unborn." Unmoved, the Chancellor of the Exchequer replied that "workers yet unborn" would still have to pay if it were put upon the shoulders of the national debt. But even so conservative a critic as the *Economist* found the plan unwise and unreasonable and held that the Insurance Fund should be freed altogether from past arrears, that any surplus should be applied to a reduction of the rates of contribution, and that saddling the fund with the debt was "a piece of Treasury pedantry."

Let us consider now the second resort of those unable to make a living. The National government's Economy Act of 1931 reduced the number of those eligible for transitional payments by establishing the famous "means test." This test, ever unpopular with the great mass of British workers, required applicants for transi-

tional payments to submit to an examination as to their needs by the public authorities.

The means test from the first proved to be embarrassing and difficult to put in operation. In strong labor centres such as Durham and Rotherham the local assistance authorities, themselves working-class people, refused to administer it in a way to secure the economy at which it aimed. The law of 1931 fixed the amounts of the standard insurance rates as the maximum award for transitional payments but stipulated that only the amount actually needed should be granted. But in almost every case the local authorities in these districts awarded their unemployed friends and neighbors the maximum sum without any paring down according to the needs of the applicants. Remonstrances from the Minister of Labor were useless. The authorities told him that "rather than carry out such distasteful duties they would prefer to withdraw and leave the work to commissioners to be appointed by the Ministry," a course which in the end the Minister of Labor was compelled to take.

Despite these and other difficulties, the law of 1934 continued the policy of the National government and included the much-hated means test. Meanwhile, since the claimants for insurance benefit were meeting the stringent requirements of the 1931 legislation, their number continually decreased, while the number of claimants for transitional payment correspondingly rose. After February, 1932, the latter actually surpassed the former and by July, 1934, there were 420,258 claims for insurance, compared with 812,744 for transitional payments.

The test at present requires the needs and resources of an individual,

including those of the members of the household to which he belongs, to be taken into account in determining the financial assistance he shall receive. It is true that small amounts of capital and some part of the payments made for health insurance or workmen's compensation are disregarded in assessing means, but, in the words of Arthur Greenwood, staunch defender of the workers' claims, "the cold stark fact remains that the unemployed are to be subject not to a personal means test, or even to a family means test, but to a household means test."

The deepest objection to the imposition of a means test is its association in the minds of wage-earners with the disgrace of public charity. They are not alone in feeling that such assistance is disgrace, for public charity has never freed itself from the implication that the poor are unworthy. The Poor Law has been based on a fundamental assumption that if unemployment is made sufficiently unattractive the unemployed will find work. Investigation of the applicant's resources, with attendant publicity, has been one of the effective ways of making unemployment unattractive. Hence, it is generally agreed in Great Britain today that when a man who has been a willing and able worker all his life is forced to seek relief from the Poor Law, an unmerited disgrace has come upon him. Members of all parties, in the course of the debate on the unemployment insurance bill in Parliament, declared that this should not be allowed to happen. Now that work is admittedly unavailable for the hundreds of thousands who seek it, the means test appears out of place.

When the Minister of Labor claimed that the act of 1934 made it possible for a workman who lost his employ-

ment to receive assistance without "the stigma of the Poor Law," he based the claim on the fact that, although the means test is retained, it is to be administered through the agencies of a new central authority called the Unemployment Assistance Board instead of by the Poor Law authorities. To the Opposition this seemed a distinction without a difference. They called the new plan "a second Poor Law."

Such a characterization is further justified by the disciplinary power conferred upon the board when dealing with "cases of special difficulty." Such power permits it to make other than a cash allowance, to make it conditional upon attending a work centre or even upon the applicant's becoming an inmate of a workhouse, payments being made to a member of his household while he is such an inmate!

But an ancient tradition ended when the nation assumed responsibility for the able-bodied unemployed. From the earliest days the relief of the English poor has been, by custom and statute, a concern of the separate localities. When the Poor Law of Queen Elizabeth was codified in 1601, it continued a system long-established and fixed the pattern which lasted essentially for more than three centuries. Each parish was required to care for its own poor, including the able-bodied unemployed, without the help of one penny from the National Treasury.

An elaborate system, now being organized under the Unemployment Assistance Board, will place the care of the able-bodied unemployed under national administration. It will apply, not only to those who have worked in insured trades but to nearly all others as well as to white collar workers whose incomes, when employed, do not exceed \$1,250. The act does

not apply, however, to persons who "have lost employment by reason of stoppage of work which was due to a trade dispute."

The act did not transfer to the National Treasury the full cost of relief of the classes taken over from the local authorities, a cost estimated to be about \$125,000,000 a year. Every county and every county borough will now contribute annually toward the expenses of the Unemployment Assistance Board in return for the responsibilities from which they are to be relieved. They will, nevertheless, continue to carry 60 per cent of the burden of the care of the able-bodied unemployed. Another precedent has been established by this arrangement, for it is the first time that localities have been asked to contribute from local taxes for a national expenditure. Localities with depleted resources were reluctant to accept the burden thus imposed and the issue of taxation without representation was raised and pressed. Ultimately, substantial concessions were made to the depressed areas in the form of "block grants."

Labor party members and others who speak for the unemployed fear that the vast number of persons now to be brought under the care of one great central authority will of necessity be dealt with by rule-of-thumb methods and suffer accordingly. It is argued that general formulas, applied without knowledge of local conditions, are bound to work hardship in particular cases. While the act provides for the establishment of local advisory committees, these will be without authority and without the continual contact with the unemployed through which the local public assistance au-

thorities have come to understand particular cases and conditions.

This great piece of legislation and the many laws which have led up to it form parallel systems of insurance and relief. These mark more clearly than any other feature in British life today the transition from one form of economic organization to another. Just as with the passing of feudalism public authority was substituted for private, and the initial structure of the Poor Law took form, so now, national legislation providing insurance and relief for the industrial population has been demanded to absorb the shock of forces released by the growing complexity of an economic system based on international trade.

Great Britain has long understood, as the United States is only beginning to understand, that insurance and relief are not emergency or temporary measures. In February, 1932, Neville Chamberlain, the Chancellor of the Exchequer, grimly announced in the House of Commons that no substantial reduction in the number of unemployed might reasonably be expected within ten years. Here, then, is the shock-absorber which has been provided. But the revised unemployment insurance system and the related scheme for national assistance instead of winning praise from the workers have been attacked by them. These same workers, nevertheless, would as soon think of doing away with unemployment insurance as with workmen's compensation. Particular features of the system and methods of operation will doubtless continue to be changed, but the principles underlying unemployment insurance and the assumption of national care for all who are unemployed will remain.

Ibn Saud Builds an Empire

By GRAYSON L. KIRK*

HIS full name, Abdul Aziz ibn Abdur Rahman ibn Feisal es Saud, is a bit staggering. For the sake of convenience press correspondents have usually shortened it to Ibn Saud, which means simply that he is a scion of the house of Saud. Still in his middle fifties he is the creator, as well as the master, of modern Arabia and he bids fair to accomplish what no other Arab prince, in modern times at least, has succeeded in doing, namely, to unite practically all the peoples of the Arabian peninsula under a single political system. Ibn Saud's career has been as romantic and colorful as if he had walked directly out of the pages of *The Thousand and One Nights*. Whether the kingdom he has created ultimately stands or falls, he has already become an almost legendary figure whose exploits will no doubt fire the imagination of future generations of desert story tellers.

Ibn Saud will be a legendary figure because his career has been an Arab variation of the eternally popular theme of the ambitious and resolute youth who rises to greatness and power in the face of terrific obstacles. When he was born in 1880, the son of homeless, landless, exiled parents, no sensible person would have given a fig for his future. Even when he became master of a city no one took him seriously. Later he acquired the proud title of Sultan of the Nejd, but European experts on Near Eastern af-

fairs were positive that he would go no further. The foreign experts, and his enemies as well, were wrong. Today Ibn Saud is King of a united Arabia with 5,000,000 subjects and a realm larger than France, Germany, Belgium, Switzerland and Luxemburg combined.

There is a religious as well as a dynastic purpose in Ibn Saud's ambition. He is a puritan reformer fired with the zeal of fanaticism. Through his championship the Wahabi sect and its doctrines have risen from a persecuted obscurity to a position of power and prestige in the Islamic world that is ominous, for opposition on the part of many Moslems to those dour and ascetic doctrines is bound to continue.

The Wahabi creed is the faith and the law of King Saud. His subjects may not with impunity absent themselves from their daily prayers. They may make pilgrimages only to Mecca and Medina, for the Wahabis especially abominate what is to them the pagan practice of worshiping at the tombs of saints. They may not indulge in tobacco or alcoholic beverages of any kind. They are forbidden to wear jewelry or ornaments of precious metal. Luxurious clothing, especially garments made of silk, gambling and all games of chance are taboo. The sacred Shariah law of an eye for an eye and a tooth for a tooth still obtains—the thief loses his hand and the adulterer must die.

Urban Moslems throughout the world rebel at such a forbidding creed. And yet it is an uneasy rebellion, for

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the Wahabi religious leaders quote chapter and verse of the Koran to support every portion of their doctrine. To them the original purity of the Islamic faith has been obscured by the softness and the vices of civil life and by the abominable contamination of Western institutions. Such corroding accretions must be done away with and the primitive faith restored. Obviously, it is in one sense the old story of the hostility of the desert nomad, for whom life is hard and precarious, to the institutions and practices of the townsman. And because it helps to keep the unruly Bedouin in hand, it is a hostility that admirably serves the dynastic ends of King Saud.

The connection between the house of Saud and the Wahabi faith is not new. It began in the middle of the eighteenth century when Mohammed ibn Abdul Wahab, religious teacher and persecuted founder of the Wahabi sect, sought refuge at the court of the Emir Mohammed ibn Saud, a petty desert chieftain of North Central Arabia. Saud not only gave asylum to his guest; he placed all his secular power at Wahab's disposal, and he strove to force neighboring tribes to accept and follow Wahab's teachings. After Saud's death in 1765 his son and heir, Abdul Aziz I, led the fighting which gradually won the forced allegiance of all Central Arabia, specifically the Shammar and the Nejd.

By the opening of the nineteenth century the Saudian rule was so strongly entrenched that the Sultan of Turkey, titular master of Arabia, looked about for some one strong enough to crush the arrogant upstart. That some one he found in the person of Mehemet Ali, Viceroy of Egypt, who was deputed to crush the Wahabis. Since the Sultan hated both

Mehemet Ali and the Wahabis, he stood to gain no matter which should be eliminated.

After a long and difficult struggle the Egyptian forces triumphed and the temporal power of the Saud family was completely crushed. Abdullah, who had succeeded his father, Abdul Aziz, surrendered and was sent to Constantinople in chains, and was there decapitated. Of the remaining ten sons who fled with their families, some were caught and taken to Egypt in captivity and others made good their escape. As a ruling force in Arabia the Saud family and the Wahabi faith virtually disappeared.

From 1818, the year of this débâcle, until the end of the nineteenth century, this eclipse of Saudian power seemed permanent. Now and again a Saud would try to regain power, but always unsuccessfully. New leaders and new families of political importance appeared. Outstanding were the Rashids of the Shammar, a family which was crafty enough not to contest Turkish assumptions of suzerainty and which had no religious beliefs to cause antagonism. During the latter part of the century their sway over the interior was generally uncontested, though since their rule was heavy-handed, they were generally unpopular.

Into this unpromising situation the present Abdul Aziz was born. His father was living in exile at the court of Sheik Mubarak, ruler of Koweit, a small coastal area near the end of the Persian Gulf. Young Saud lived in this atmosphere through his first twenty years before he gave any sign of his determination to seek the lost power of his ancestors. As his purpose grew he thought only incidentally of the remote rule of the Turks; the immediate obstacle was the ruling house of Rashid.

The first exploit of Ibn Saud offers a good insight into his character and force. In 1901, when he was 21, he took a small force of forty men into the desert, ostensibly to harass such Rashidian forces as he might encounter. Once in the field he led his miniature force toward Riyadh, the metropolis of the Nejd and former capital of the Saudian realm. All but ten men were concealed among the palms of an oasis outside the city. Then Abdul Aziz and his nine aides crept stealthily over the ruins of a deserted part of the town until, by devious routes, they reached the portals of a house facing the fort, in which, for purposes of safety, the Rashidian Governor used to pass the night. Forcing their way into the house, the men passed the night drinking coffee and reading the Koran. When at dawn the Governor issued forth with a small bodyguard from his retreat, the ten invaders set upon them, killed the Governor, gained control over the fort and announced to the 20,000 startled inhabitants of the city that a *coup d'état* had taken place. Saud had won his first city, and he never lost it.

But the taking of one city, even by such daring, was no guarantee for the future, and Saud's position during the next few years was precarious. Turkey aided the indignant Rashids, and often it seemed doubtful if the youthful Saud would be able to hold his own. Somehow, by one means or another, he did, and eventually the Turks withdrew their aid. The Rashids, moreover, soon became involved among themselves in a bitter struggle for power. Saud, profiting by the confusion of his enemies, used both force and intrigue to gain the allegiance of the Bedouin of the vicinity, and to strengthen his position. By 1906 he was the acknowledged master of the



The Empire of Ibn Saud

Nejd and an important factor elsewhere in Arabia.

As the scattered descendants of the Saud family drifted back to the Nejd, some of them, who were descended from the first Abdul Aziz in a more direct line than Ibn Saud, inevitably tried to seize control for themselves. The last major threat of this kind occurred in 1912. When it had been suppressed, Saud wisely offered his cousin, who led the conspiracy, the choice between exile and entering his service. The cousin chose the latter and has since been a zealous supporter of the established order.

How was it possible to build the foundations for a permanent Arab State out of the materials at hand? This was the question that troubled Saud. One obstacle was the character of Bedouin life itself. For centuries the tribe had been the only unit capable of commanding the loyalty of the fierce nomads. True, they could be persuaded to unite temporarily for

military efforts, provided the prospects of loot seemed large enough; it had also been shown that the personality of a great leader, or the achievement of a cherished religious ideal, could bring them together for a time. But none of these ties guaranteed the permanence essential to a modern State. Saud therefore concluded that while his own personality, the wealth of the enemy and desire to spread the Wahabi faith would bind the tribesmen to him for a time, nothing short of a fundamental change in Bedouin habits could provide him with the firm foundations he needed.

A less vigorous spirit would have quailed before such a prospect and left the future to the will of Allah. But not Saud. He decided to experiment by sponsoring what has come to be known as the Ikhwan movement. Ikhwan means "brothers," and those who have joined it are required to be brothers indeed. Tribal or blood relations are of no importance to them; the Shar law is their governing authority. Nomadic life must be given up, and desert tents exchanged for permanent dwellings in villages located where palm trees and grain can be planted and tended. State aid is freely given to the Ikhwan colonies. Funds from Saud's treasury help to build a mosque. All converts receive free supplies of arms and ammunition provided they undertake to fight in defense of their ruler, an arrangement which has given Saud the nucleus of a permanent and reliable military force. The Ikhwan movement has spread rapidly and, though by no means universal, now includes more than seventy colonies, with an estimated population of 100,000.

When the World War began, Ibn Saud, who by this time had been recognized as the Sultan of the Nejd, dis-

played his customary shrewdness. He had had little opportunity to study the intricacies of international politics, but he had long since formulated a simple foreign policy which had served him well. It was to guard his independence of action, but at the same time to oppose the Turks on all occasions and to keep in the good graces of Great Britain.

His old enemies, the Rashids, were now definitely supporting Turkey and the Central Powers; Saud thereupon agreed in principle to support Great Britain and her allies. But his support was for the most part limited to a benevolent neutrality. On this account alone the British recognized his de facto independence and for nearly six years poured into his needy coffers an annual subsidy of £60,000. It was good business to be on friendly terms with a State so generous with its exchequer.

Ibn Saud's benefactors, content with their bargain, turned their attention to Western Arabia, where another aspiring Prince was not unwilling to listen to the clink of British gold. This was the Emir Hussein, of the Hejaz, the narrow coastal strip along the shore of the Red Sea. Over the Hejaz, important because it included the sacred cities of Mecca and Medina, the Turks had usually been able to make their sovereignty actual as well as theoretical. Hussein had been appointed to the Emirate in 1908, when he was nearly 60 years of age, and the unexpected honor gave a fillip to his long-dormant ambition.

British agents were lavish in their promises to the delighted old man. Their commitments, to be sure, were purposely vague, leaving a way open for evasions which were later used in a brazen fashion. The Arabs were offered nearly all Arabia for themselves and Hussein took this to mean that

he would have allied support for his growing aspirations to kingship. On the basis of these promises he raised the standard of revolt against his Turkish sovereign, and his sons, helped tremendously by the tireless skill of Colonel T. E. Lawrence, led the forces that swept victoriously northward. In return, Great Britain recognized Hussein as King of the Hejaz and granted him a subsidy which, before it was discontinued, had reached a total of £6,000,000 in gold. Revolt in the desert was profitable—except perhaps to the British taxpayer.

With the end of the war, Ibn Saud's position was anything but promising. Hussein, his old rival, had been elevated to an independent kingship and Hussein's sons had been placed in positions full of menace. Abdullah had in 1921 become the Emir of the Transjordan country and Feisal had been made King of the newly formed State of Iraq. Worse still, Saud's deadly enemy, Ibn Rashid of the Shammar, now proclaimed his independence, and the British, believing that a buffer State between Iraq and Nejd was desirable, were inclined to approve.

But the experts were sadly mistaken. If they believed, as apparently they did, that Saud, with his great record of past achievement, would sit idly by and allow his enemies to entrench themselves, they badly judged their man. Luck, moreover, was with Saud, for a rapid succession of events played directly into his hands, and once more he grasped the opportunity that came his way.

There was the Khurma affair, for example. The frontier between the Hejaz and the Nejd had never been fixed and both claimed numerous valuable oases. Hussein had tried vainly on at least three occasions to occupy the oasis of Khurma. Finally,

he appealed to London, and the British Government authorized him to take possession, solemnly warning Saud that if he interfered his subsidy would be at once cut off. Hussein, overjoyed by this distinguished support, at once sent a strong force to occupy the oasis. But, subsidy or no subsidy, Saud regarded Khurma as his own. His Wahabi warriors crept upon Hussein's men in the dead of night and ruthlessly butchered them all. The Khurma question was settled once and for all—and the subsidy was not discontinued.

Hussein's wrath over this defeat had barely cooled when Saud again showed his strength, this time against the Shammar. He had waited for years for an opportunity to cut down his Rashidian enemies, and at last it came. At a shooting match held near Hail, capital of the Shammar, one of the marksmen aimed, not at the target, but at his sovereign's head. The confusion of the Rashidian government following the assassination gave Saud his chance. Calling together his troops, he immediately marched into the Shammar, captured the surviving members of the princely family, and incorporated the entire region into his own dominions. Thus the rule of the Rashids came to an inglorious end. The wily Wahabi Sultan had avenged his forebears and at the same time had driven a sharp wedge between Iraq and the Hejaz. For the first time in many generations all central Arabia was united under a single ruler.

The fates had not yet finished with their gifts. Hussein, now in his middle seventies, was beginning to cause his British protectors a great deal of trouble. Embittered by the failure of the Allies to live up to their war-time promises, he had become by turns arrogant and petulant. His rule was

capricious, his administrators incredibly corrupt and inefficient. The groans of the taxpayers and the laments of the much-mulcted pilgrims to Mecca may have fallen on deaf ears in London, but they were all heard by Ibn Saud. Again he bided his time, for he knew that the Wahabi creed was cordially disliked throughout most of Islam, and that any attempt to occupy the Holy Cities would be tolerated only if the provocation was admittedly very great. But the irritation felt everywhere over Hussein's treatment of the pilgrims favored Ibn Saud, even if it scarcely warranted the drastic action which he had in mind. Something more was needed, and it came swiftly and unexpectedly.

Early in 1924, Mustafa Kemal and his advisers decided to end all connection between the new Turkish republican government and the Caliphate. In the latter days of the empire the Turkish Sultan had also been the Caliph, or spiritual head of Islam. When the sultanate was abolished the Turks had tried a makeshift arrangement whereby a virtual appointee of the government, shorn of all temporal power, acted as Caliph. Since this plan had pleased no one, the complete separation of church and State was the inevitable result.

Whether, as some writers believe, Hussein's aged hands reached out avidly for the prize, or whether he was reluctantly won over by the influence of his son, the Emir Abdullah, the fact remains that, less than three days after the decision of the Turkish National Assembly, Hussein announced that he would assume the Caliphate. Such a summary act naturally caused a furor throughout the world of Islam. Some accepted the new order with complacency, but the Egyptian and the Indian Moslems were bitterly indignant, and the fury

of the Wahabis knew no bounds. An irrevocable breach had been made. War between Hussein and Saud became inevitable.

There were now no counter-influences that might postpone or avert the struggle. The British subsidy to both contestants had been discontinued at the end of March, 1924, and Saud had nothing to lose by an attack. Fortified by a message from Indian Moslem leaders praising his stand, he took his troops into the field late in August. Never was the outcome of the campaign in doubt. Hussein tried desperately to save the throne for his family; in October he abdicated in favor of his son, Ali. Soon all the Hejaz except the port of Jidda was occupied by the invader. After a year of frequently interrupted siege operations, the city surrendered, King Ali and his aides fled into exile, and the war was over.

Ibn Saud was aware that Mohammedans everywhere were waiting to see what he would do next. Now, as before, his military victories did not blind him to the delicacy of his situation as chief and champion of a minority group whose tenets were unpalatable to most of the followers of the Prophet.

He had taken time, during the siege of Jidda, to safeguard the annual migration of pilgrims to Mecca, and he had consulted with the delegations of Persian and Indian Moslems who had come to see if the stories of Wahabi fanaticism, tomb destruction and other outrages were really true. He had reassured these delegations as to his own intentions and had told them that, once the war was over, he would summon a great conference of Moslem dignitaries to set up some generally acceptable system of administering the Holy Cities. He pledged himself to accept any solution that

would guarantee decent government.

One fruit of his labors he did not deny himself. Early in January, 1926, he announced his decision to assume the vacant kingship of the Hejaz. A year later, at the request of the tribal chiefs of the Nejd, he changed his official title from Sultan to King of that region. Later still, he combined all his possessions into what is now officially designated as the Saudian Kingdom of Arabia.

When the Moslem conference assembled, there was really little of importance that could be dealt with. The question of the Caliphate was left for a conference in Cairo, and the inhabitants of the Holy Cities, having received certain grants of autonomy, were obviously content with their new master. Various matters of general interest were discussed and resolutions passed, but no action was or could be taken that would in any way limit King Saud's power.

Indeed, the change that has come over Arabia since 1925 is remarkable. The old Hejaz administration has been cleansed of much of its corruption. Native insurgency has been reduced to a minimum under a system that makes each tribe responsible for the maintenance of peace and order in its region. In case of failure, neighboring tribes are pledged to take the initiative in punishing the recalcitrants and to report to King Saud the nature of the offense and the punitive measures imposed. If all are remiss, they are liable to severe penalties at the hands of King Saud's army, the threat of which has maintained peace and order remarkably well.

Foreign affairs have been handled with equal skill. Great Britain, grace-

fully accepting the new régime, concluded a treaty recognizing its complete independence. Even the troublesome frontier problem with Iraq was eventually settled and, before his death, King Feisal was on friendly terms with his father's conqueror.

The most recent, and probably the last, of the threats to Saud's kingdom has been the Yemen. That tiny country, south of the Hejaz on the Red Sea coast, remained a potential danger. Before the World War it was nominally subject to Turkey; its post-war independence was recognized only by Italy. The region is valuable because of its fertile soil and its mineral wealth. When King Saud extended his rule over the neighboring region of the Asir, the resentment in the Yemen was such that an eventual clash could not be averted. Last Summer, when it finally occurred, the ruler of the Yemen was forced to sue for peace, and to agree to trouble his neighbor no more. He received generous terms, which amounted to a treaty of amity and cooperation on all matters of mutual interest.

Thus, in 1934, King Saud reached the end of a long road. Once a homeless wanderer, he is now lord and master of a great State of his own building. To a region long afflicted with political chaos, he has brought unity and peace. Time alone can tell whether he will succeed in his cherished plan of creating a true and lasting sentiment of Arab nationalism. One thing is sure—if his kingdom does collapse, it will not be for lack of heirs. Saud now has seventeen living sons. To them he seems likely to leave the legacy of a great empire builder.

Inequality in Soviet Russia

By LOUIS FISCHER *

THE Soviet train is a symbol of inequality. The International car, with wide, comfortable, two-berth compartments furnished with plenty of baggage space, clothing hooks, a table and table lamp, represents first class. But even here there is more than one class: some coupés have attached to them splendid little washrooms with running water, while the occupants of others use the lavatories at either end of the car. In the International a polite porter is always on duty, and the traveler may get biscuits and hot tea in glasses from the samovar which sings in the corner.

A rung lower is second class, "soft," as Russians call it. Some of the compartments have two berths, others four. Beds are made up here, too, but they are not as convenient. Occupants can obtain food and drink only in the diner or from a waiter who irregularly moves through the length of the train. The porters are not as accommodating and not nearly as ready to keep their cars clean. Though much depends on the industry of the porter and on the cultural level of the passengers, a traveler will often resort to the common washrooms only in the hour of dire necessity.

At the bottom of the scale comes "hard." There are no compartments. The passengers sleep on three tiers of wooden shelves. Of late the railroads have been supplying bedding for these

cars, too, but frequently the people bring their own pillows, blankets, food and kettles in which to make their own tea with boiled water furnished free at stations. Rarely do the "hard" passengers undress for the night. They merely remove some of their outer clothing and shoes. Here the passengers travel as one big family which exchanges food and autobiographies. Foreigners willing to put up with discomfort occasionally prefer "hard" for the opportunity it offers of making intimate contacts with Russians.

When the "hard" and "soft" passengers walk through the International they admire it. When the "soft" passenger passes the "hard" car he is glad he has graduated from it. At the same time he hopes to be promoted some day to the International. In Moscow recently my maid, who had decided to spend her fortnight's vacation in Leningrad, talked to me about the trip. I advised her to spend the extra rubles and get a mattress and pillow. She did not understand. She was sure that she would have to sit up all night. When I explained the accommodations which "hard" offered, she smiled happily. She had done all her traveling earlier in the revolution by "Maxim Gorki," that is, in a converted freight car.

Why should the engineer travel International and the street cleaner or the domestic "hard"? The real reason is that the engineer is richer. The Bolsheviks recognize—they would be denying a self-evident fact if they did not—that an engineer's services

*Mr. Fischer, the well-known American correspondent in Moscow, contributed to October CURRENT HISTORY an article entitled "Kaganovich: Chief Aide to Stalin."

are worth more than a street cleaner's. The State accordingly pays him more. This divergence of income implies different living standards. If the government allowed only "soft" travel and reduced the price of a "soft" ticket so that the street cleaner and the domestic could buy one the engineer, with a much higher salary, would be unable to spend his money, and he might just as well not earn it. Here, of course, ticket is used as a collective term denoting all possible commodities: apartment, clothes, food, and the like. Since the Soviets reject a leveling of income as destructive of personal initiative, they must inevitably tolerate a wide range of living standards.

Foreign radicals who abhor the sharp inequalities of capitalism and foreign capitalists who enjoy these inequalities are alike surprised to find that there are inequalities in the Soviet Union. But the same thing may be different. It is not, or it should not be, the disparity between the workingman's living and the lawyer's or doctor's that disturbs the radical in a bourgeois country. It is the difference in the status of workingman and capitalist. It is the discrepancy between the man who sells his labor and the man who buys it. Inequality in a capitalist country is the first step toward accumulation, and accumulation leads to the ownership of capital and thence to exploitation. Soviet inequality, on the other hand, is the degree of difference between several groups of wage-earners. No matter how much a Soviet citizen earns he cannot become a capitalist or grow rich on the work of others. The system debars capitalists.

Recently *Pravda* published an article entitled "Socialism and Equality." Anything printed in *Pravda* reflects the accepted view of the ruling Com-

munist party. "Socialism," this article begins, "in no sense tends to ignore or suppress all the varied individual talents, urges, tastes and requirements of human beings." No regimentation. "On the contrary, socialism presents an unprecedented possibility for the development of such capacities, abilities and talents." The capitalists talk much about equality, but actually they maintain a system of economic exploitation which produces tremendous inequalities in wealth, social position and political influence.

"Equality in general," Leontiev, the author of the article in *Pravda*, continues, "is an empty abstraction." There are natural differences which cannot be wiped out. "A man is not the equal of a woman, and to erase that inequality would mean to destroy mankind. In other words, the question is not one of eliminating the natural distinguishing characteristics of individuals but of destroying the social foundation of inequality." Socialism, accordingly, strives to make it impossible for one class of people to become superior by taking advantage of another, less-favorably situated class. "By equality," Stalin declared in January, 1934, "Marxism understands not the leveling of personal needs but the elimination of classes."

"It is obvious," Leontiev proceeds, "that there is no equality and can be no equality between a conscientious workingman and a loafer, between an *udarnik* or labor enthusiast and a lazy man, between a devoted toiler and one who lies on his side. * * * You cannot use the same yardstick to measure different people; one is stronger, the other is weaker." Even in the perfect future society of communism, Leontiev believes, there will be no equality, for the guiding principle of the Communist millennium is, "From each ac-

cording to his abilities; to each according to his needs." But abilities vary. Moreover, where one person will require a violin, another will demand a permanent wave.

This is the theory. But life is complicated and elusive, and though the Soviet press seeks to explain inequality as normal, the Soviet public does not like the forms it takes. Inequality has of late become a topic of frequent and exacerbated discussion. It is likely to occupy Bolshevik minds for a long time to come.

The other day several wives of workmen were in the kitchen bidding farewell to my maid as she was preparing to leave for Leningrad. I came in to urge Niura to be sure to see the palaces. She would know then how the Czars used to live. "And doesn't Stalin live as well as the Czars?" a woman interjected. She obstinately refused to believe another woman who told her that Stalin occupied three modest rooms in the Kremlin. It was easy to see why. In the next breath she referred angrily to the parties given by one of her well-paid neighbors, a minor government official. She must have reasoned in this wise: If that tiny "Stalin" who is one-thousandth as important as the big Stalin lives thus, then the big Stalin lives a thousand times better. What could be more natural for a primitive mind, and what could be more harmful from the point of view of Bolshevik politics?

This glimpse of Soviet reality reflects an emerging state of mind. When a Soviet citizen complains of inequality he forgets those below him and proceeds, with much self-pity, to compare himself with the strata above him. It has become commonplace to speak of the wealth and immense royalties of Soviet authors and journalists. Yet I have heard Soviet authors justify their large incomes, and pro-

test that they are much worse off than first-rank Commissars.

The non-collectivized peasant dislikes the favoritism shown to members of collectives; the collectivized peasant resents the special advantages given to the workman; the workman looks askance at the privileged position of the *udarnik*. The *udarnik*, on the other hand, cannot understand the huge discrimination in favor of the technician, while the technician thinks he ought to be on a par with the engineer. But the engineer is jealous of the foreign specialist, and sees no reason why certain doors open to the scientist are closed to him. The scientist in turn dreams of the luxuries enjoyed by the writers, who say that some scientists and inventors and all Cabinet members are better taken care of than they.

What are the privileges which are being discussed by Soviet citizens with so much warmth? A small open car now produced at Nizhni Novgorod by the thousands calls for Comrade So-and-So in the mornings and brings him home after working hours. Under normal conditions in any other capital a similar official would jump on a bus or trolley, or even take a taxi. But in Moscow the buses are irregular, street cars can usually be boarded only by acrobats, and taxis are a rare and fleeting sight.

A new house is completed. Certain workers, certain officials, certain writers are assigned apartments in it. They immediately become a privileged class, for there are not yet enough apartments to accommodate everybody. Not so long ago, butter, vegetables, sugar, candy and so forth were scarce; they are still expensive. The citizen who has access to a store which sells these commodities cheaply is a privileged person.

In the Putilov factory, as in most

plants, there are separate restaurants for *udarniks* and other workingmen. The difference usually is that the *udarnik* restaurant serves a dessert with the dinner, and the other does not. The *udarnik* restaurant, moreover, probably changes its tablecloths once a week, while in the other they are even dirtier.

The margin between privilege and non-privilege may be so narrow as to comprise nothing more than a pair of shoes or an extra room. Yet the value of these simple benefits is greater than elsewhere because of their scarcity. A few years ago there was the same stratification of the population according to privileges, but it meant next to nothing because so few comforts and necessities, much less luxuries, were available. The recent increase in the supply of goods and perquisites has invested these privileges with considerable importance. Hence the sudden interest in inequality. But a still further increase will wipe out many privileges altogether. Privilege is the product of scarcity. Yet it also marks the beginning of the end of scarcity and therefore the beginning of its own end.

At the present moment, when the reaction against privilege is great, the tendency away from privilege is becoming noticeable. Here is the core of the problem: In the Soviet Union, what one earns counts much less than what one can do with one's earnings. Comrade A earns 1,800 rubles a month. Comrade B earns 600 rubles. But Comrade B may be better off than Comrade A because his ruble may be worth three or four or five of Comrade A's rubles. This is why any statement regarding Soviet salaries is meaningless unless accompanied by information on prices in the stores where the salaries are spent. And

where one spends is determined by one's privileged position.

A pound of vegetables may sell at three prices along the same Moscow street. The closed cooperative of a factory or commissariat asks x kopeks for them. A commercial store open to all asks $3x$ for them. The peasant market asks $4x$. And they all get what they ask because no one or two of these institutions can satisfy the entire demand. If, in a condition of scarcity, there were one low price, the high-salaried man would be dissatisfied because he could not spend his money, and because the poorly paid might anticipate him and buy up what he needs. If there were one high price, the low brackets would protest and demand higher wages; to satisfy this demand would mean to print more money and inflate. The Soviet Government is trying to deflate.

But now, with supply slowly approximating demand, the authorities are trying to establish uniform prices. Often this is done by gradually depressing the commercial and market prices and raising the cooperative price so that they may meet at a golden mean. When supply equals demand, the result will be one price and a one-value ruble. This will tend to abolish those privileges which grow out of scarcity.

Concretely, when there are three prices, it is a privilege to buy at the cheapest price. When there is one price, privilege is precluded. Of course, all this will take time, and it must be preceded by an adjustment of salaries to accommodate those whose incomes today allow them to buy only at low prices. During this period of adjustment, the cry against privilege will continue.

The trend, however, has already commenced. In 1931 and 1932 a number of commodities, such as men's

suits, underwear and kitchen utensils were sold only to *udarniks*. But today any one who has the money can buy these articles because there are enough of them. More and more shops display signs which read, "Open to All Citizens." Formerly, access to the spas and sanatoria of the country was limited to workingmen and influential government officials. But with the enlargement of old and the development of new resorts, it is difficult to meet a city inhabitant who has not spent some time in a sanatorium or rest home, and the peasants are also beginning to be drawn in.

Until a few months ago, the persons who were lucky enough to receive remittances from abroad or who had been providential or rich enough to have gold trinkets or coins could get almost anything they wanted in special Torgsin shops. But already some of these shops are being closed, and the goods of which they had a monopoly—imported woolens and shoes, for instance—can be acquired by the ordinary citizen in ordinary stores. In general, the crass demarcation between the Torgsin public and the rest of Soviet humanity is no more.

The movement against inequality is in reality a wave of resentment against a miserable standard of living. This is a healthy phenomenon when a reasonable prospect exists that the yearning for better conditions can be satisfied. I have heard and taken part in many private discussions of Soviet citizens on the subject of inequality and privilege. Nobody ever suggests that equality is desirable. The target of attack is always the excessively wide gulf between uppermost and nethermost. Nobody ever suggests that this evil should be cured by lowering the upper level. The goal is the raising of the

lower level, and this conforms with the Soviets' chief aim.

Something very human has happened in the Soviet Union. Having been starved for years for comforts and luxuries, the people made a mad rush for them the moment the factories began turning them out. They attached an inordinate importance to material goods and grabbed whatever they could reach. Those in the highest positions often proved to have the longest arms. Here was a loop-hole for abuse. Party and government officials commenced banqueting one another and sending one another on trips with fat expense allowances. The heavy hammer of the Kremlin has cracked down on the thin skulls of some of these sinners, but many are still intact.

Actually, the backsliders are claiming much less than would abroad constitute a decent life for a lower middle-class citizen. But here, against the universal background of bad standards, they appear as so many Lucullan revelers or perverted millionaires. Without this perspective the picture becomes distorted. Another factor helps toward an understanding of the situation—the privileged groups are difficult to define. If the front-rank commissars, army commanders, what was formerly the G. P. U., the militia, writers and the best scientists constitute the first class, many workers follow closely, and certainly many workers are better off than many officials. Some physicians are well situated, others poorly situated. Access to good and cheap-priced shops occasionally increases the real value of the income of a high-salaried engineer; sometimes, too, it helps a man with a low wage. Moreover, a factory can easily put its entire staff on a privileged basis by establishing an excellent dairy farm of its own or by

building a few blocks of houses for its employees.

In the Soviet Union, then, there is inequality of wages and there is privilege which enhances that inequality. When the low-paid are privileged, a balance is achieved. But today the high-paid have extra privileges to boot, and this makes them doubly favored.

At present there are millions of privileged citizens in the Soviet Union. In fact, almost every one enjoys one privilege or another. When distribution of necessities and comforts becomes normal there will be fewer privileged people. Citizens will not need privileges to live. A greater volume of production will eliminate some privileges that are altogether unnecessary. But it will create others.

Today inequality may be the difference of having one suit or two. Tomorrow it may be represented by an automobile; the day after by the difference between a Soviet "Ford" and a Soviet "Buick-Chrysler." Since the Soviet system does not prohibit the holding of private property—it objects only to private capital, that is, to wealth that can produce more wealth—and since it encourages a graduated scale of income according to ability and training, there will always be inequality under the Soviets.

I do not believe that inequality in the form it may ultimately take in the Soviet Union is a cardinal sin. Whether inequality must lead to privilege is a far more serious issue.

Here, too, I must suggest that it is not so much the enjoyment of privileges that is harmful. The worst feature of the existence of privileges is that they can cease to exist for a given person, for by cleverly utilizing the threat to withdraw a privilege that person may be kept subservient and obedient. The real menace is that a privilege may become a weapon to enforce submission.

Now we have entered the realm of the future with hypotheses our only guide. Corruption, nepotism, self-perpetuation, and so forth, are crimes against Bolshevik ethics and are severely punished. Moreover, every Soviet citizen may appeal to the highest authority in the land. There are millions of skeins of red tape in the first Communist State, but a brief letter to the Moscow *Pravda* can cut them all. Nevertheless, I do not know what will happen, and the danger that privilege will develop into a corroding moral influence undoubtedly exists.

There is only this warning that should be added: We all noted the demoralization induced by the New Economic Policy from 1921 to 1927. Most observers darkly prophesied the impending re-establishment of capitalism. Then suddenly NEP was banished. The Soviet régime possesses great reserves of administrative action and moral strength, and I believe that it will at least make an effort to cope with the inequality-plus-privilege situation when it begins to weaken the social fabric.

Poincaré: A Great French Patriot

By CHARLES WOOLSEY COLE*

IT is a safe estimate that four out of every five French newspapers when commenting on the death on Oct. 15 of their wartime President declared that what France needs today is another Poincaré. In Poincaré the French felt they had a man whom in a time of crisis they could trust. The feeling did not arise from any striking qualities in his personality, for he could hardly be called impressive. Short, squat, stocky, with a high voice and a flaccid handshake, his most reassuring traits were a keen eye and that firm jaw which caused Alexandre Dumas the younger to exclaim on seeing him as a youth: "*Sacré bleu!* When that fellow gets hold of a bone he'll not let it go."

Poincaré's intellectual qualities won him respect; his literary abilities gained him admission to the Academy; his impeccable personal honesty raised him above the rank and file of party politicians. But such characteristics are not heart-warming, and their effect was counteracted by a frigidity of manner and speech through which his emotions rarely broke. "The more he is in the right," a friend once said of him, "the colder he gets." Poincaré's supporters, to set him off against Clemenceau, the Tiger, tried to dub him the Lion of Lorraine. But there was so little in him that was leonine that the name refused to stick.

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Nor was it Poincaré's political career that explained the confidence displayed in him by the French people. He was a Deputy for sixteen years, a Senator for twenty, President for seven. Twice Minister of Education, thrice Minister of Finance, thrice Minister of Foreign Affairs, thrice Premier, Poincaré crammed his life with political service. But the French are too cynical about the methods by which political success is attained to be deeply impressed merely by such a record.

His avoidance of too close an alliance with any party served, however, to enhance his reputation. In his early years Poincaré was identified with the Republicans of the Left. But he was elected to the Presidency in 1913, in defiance of party discipline and despite the pleas of a half-dozen ex-Premiers, by the aid of votes from the Right, won, it was said, by the fact that his wife was a devout Catholic and had persuaded him to submit to a religious marriage ceremony. At the height of his career, Poincaré was somehow above parties and strove to unite all shades of opinion on what he regarded as truly national policies. In the crisis of 1926 he gained the support of Herriot and the Radical Socialists, and in the early post-war years there was even, for a while, a curious sympathy between him and Léon Daudet, which gave rise to the rumor that the Royalists had some sort of hold over him.

It was his unquestioned and persistent nationalism, or, better, patri-

otism, or, better still, chauvinism, that gained for Poincaré the support and trust of the great majority of the French people. Born at Bar-le-Duc, in Lorraine, on Aug. 20, 1860, Poincaré as a child saw the Prussian troops sweep into his native city and occupy his own home. He never forgot those days, and he surpassed in his devotion to France even the traditional loyalty of the Lorrainer. On one occasion he remarked in retrospect: "I could not see for my generation any reason for existing, unless it were for the hope of recovering our lost provinces." Perhaps the greatest moment of Poincaré's life was the celebration before the flower-heaped statue of Strasbourg, in the Place de la Concorde, on Nov. 17, 1918, when he said, "For forty-eight years our inconsolable grief has clothed this statue of sadness with crêpe and funeral wreaths," and made for his speech an exulting refrain of the words, "Alsace and Lorraine have again become French."

If his enduring patriotism helps to explain his hold on the French people, the fact that Poincaré was a lawyer throws much light on other phases of his career. Admitted to the bar in 1880, he secured, three years later, a position in the office of M. du Buit, an important corporation lawyer. From the age of 20 to that of 51, save for the intervals when he held a Cabinet post, Poincaré devoted most of his time to practice at the bar. "Politics should not be a profession," he remarked. Thus he clung to his legal practice, which grew in importance as the years went on.

How seriously he took his work as a lawyer is indicated by his lifelong ambition to become titular head of the French bar. A friend once said of him: "In the course of his long career he has deserved and obtained all honors. None, I am sure, was more

precious to him than his election to the position of *bâtonnier*." It was somewhat ironical that this prized post came to him only in 1931, at a time when his health was so poor that he had to resign the office after an incumbency which lasted less than four months.

Poincaré's career in the law gave him a legalistic turn of mind which tended to make his public speeches resemble briefs and his public policies the partisan efforts of a lawyer for his client. It brought him a comfortable fortune, which, augmented by inheritance, amounted in 1913 to something like 3,000,000 francs. It brought him a great reputation, since before the war he and Millerand were considered the leading lawyers of France. It brought him, and this perhaps was most important of all, a close contact with big business.

As a corporation lawyer he worked particularly for the great industrial concerns of Northern France—for example, the chemical trust of Saint-Gobain. There is no evidence that his clients ever exerted an improper influence over him in his official life, but in a deeper sense Poincaré became the man of the big industrialists. He acquired their point of view and represented their interests with a devotion second only to that aroused in him by his native land. Sometimes he seemed almost to confuse the needs of France with those of big business. He denied ever having been engaged directly by the *Comité des Forges*, but there were moments when that great combination of metal companies could not have asked for a more assiduous advocate.

Before 1912 Poincaré's career was that of a distinguished lawyer-politician-writer-patriot. The ensuing years brought him fame. The French public had regarded with patriotic

dismay the policy which they felt to be one of undue concessions to Germany. It began in 1905 with the dismissal after the Tangier affair of the Germanophobe Foreign Minister Delcassé. It had culminated in 1911 in the treaty negotiated by Caillaux, after the Agadir crisis, by which France gave to Germany a large slice of the French Congo in return for the recognition of the predominance of French interests in Morocco. Caillaux was forced to retire and a chauvinist wave brought Poincaré to the Premiership, where he gave France a strong, a "proud" foreign policy. Poincaré secured the ratification of the treaty. But he symbolized the change of front by including Delcassé in his Cabinet.

Once in office, Poincaré turned to the work that was to occupy him till 1914—the increase of French military power and the consolidation of the Triple Entente. His elevation to the Presidency in 1913 scarcely interrupted his efforts. Rather it put the seal of popular approval on them and epitomized the triumph of a firmly patriotic policy; so much so that some well-informed people, when they heard the news of his election, murmured: "Poincaré—that means war."

Whether Poincaré wanted war or not may still be disputed. He denied the allegation with such passionate iteration that it gave rise to the comment that France was fortunate in possessing a man who could both make and unmake history. It is clear, however, that between 1911 and 1914 Poincaré helped to transform the Triple Entente, originally a defensive alliance, into a potentially offensive one. By his encouragement of the military and naval conversations with Great Britain and Russia, by his dealings with Izvolski, by his share in the corruption of the French press with

Russian gold, and by his part in the recall of the pacific Georges Louis from St. Petersburg, Poincaré played an important rôle in setting the scene for the World War.

Even more specifically, Poincaré's attitude during his visit to St. Petersburg in July, 1914, undoubtedly helped to convince the Russian militarists that in their support of Serbia they could count on the armed assistance of France. Given the atmosphere of the moment, the Russians could scarcely fail to be impressed by such statements from Poincaré as, "Sazanov must be firm and we must support him," or by such remarks as that made by him to the Austrian Ambassador, "Serbia has very warm friends in the Russian people, and Russia has an ally—France."

In short, if Poincaré did not want the war he cannot be accused of not wanting it. In later years Poincaré resented the criticism of his acts in 1914 more as a libel upon his country than as an attack upon his personal motives. He displayed this attitude so clearly in the debates in the Chamber of Deputies in July, 1922, when the whole question of his war guilt was thoroughly discussed, that a Communist twitted him with confusing himself with France. The debate was precipitated by Poincaré's friends over an incident which shows how sensitive the war President had become.

For some months the Communists had maintained the thesis of Poincaré's responsibility for the war. They ended every speech with a thrust at *Poincaré-la-guerre*. Then they discovered a photograph which showed Poincaré and the American Ambassador Herrick walking through a war cemetery at Verdun, *smiling*. *L'Humanité* published it with the caption, "The man who laughs in the presence of the dead." Poincaré's adherents an-

nounced that the plate had been tampered with; Poincaré himself explained that the sun in his eyes had produced a slight contraction of the facial muscles, which was most certainly not a smile. But the Communists insisted on speaking of Poincaré not only as a man who had precipitated the war but as one who went about gloating over his victims in ghoulis glee. A reference to the matter in the Chamber brought on the debate which to Poincaré seemed most untimely, in view of his efforts to collect reparations from Germany.

Whatever Poincaré's responsibility for the war may have been, during that struggle he became the immovable focus of French patriotism and will to victory. The Premiership shifted from Viviani to Briand to Ribot to Painlevé. But Poincaré was always there. In the crisis of 1917 he thought of assuming the Premiership as well as the Presidency. But rather than strain the constitutional laws so far, he called in his ancient enemy, Clemenceau. Clemenceau had opposed Poincaré for the Presidency. In August, 1914, a dispute between the two had grown so bitter that Poincaré's restraint had broken down and he had said to the Tiger: "You're a fool, a thorough fool!" But in the emergency he knew that he could count on Clemenceau's patriotism as on his own, and his confidence was not misplaced. The Tiger guided France to victory.

As a result it was Clemenceau, not Poincaré, who held the spotlight during the Peace Conference and dominated the decisions. This to Poincaré was a national as well as a personal tragedy, for, with Foch, he was convinced that France ought to have the whole left bank of the Rhine and, so as to insure the payment of reparations, the privilege of occupying indefinitely a large sector of the right

bank. In his eyes Clemenceau's compromise was shamefully weak. It was Poincaré's criticism of the peace terms and his insistence on keeping Germany crushed that brought him quickly to the fore in the post-war years. His term as President was no sooner over in 1920 than he was elected to the Senate. From the Luxembourg and in the columns of the *Revue des Deux Mondes*, the *Matin* and the *Temps* he poured forth a steady stream of patriotic comment. Thus it was that in 1922 he was called to the Premiership as the man who would end all weakness of policy and make Germany pay.

In many ways the months that ensued—the months of the Ruhr adventure—are the most typical of Poincaré's life, for in them he displayed all his genius as patriot, lawyer and representative of big business. As a patriot the occupation of the Ruhr seemed to him essential to force Germany to pay for the reconstruction of devastated France. He was convinced that the Germans could pay if they would, and should pay if they could. All that was needed was a firm hand and the seizure of what Poincaré called "productive guarantees." Furthermore, by taking over the industrial centre which produced 80 per cent of the coal, iron and steel of Germany, the nightmare of a German *revanche*, which was beginning to haunt the French mind, might be indefinitely postponed.

The case was even clearer to Poincaré the lawyer. By occupying the Ruhr he was merely securing payment for his client—France—by foreclosing on a bad mortgage. At the time he is reported to have said to a small gathering: "The rules of law between nations should be the same as the rules of law between individuals. * * * The Germans are, quite

simply, people who, judged in all equity, have lost their case. Now they are condemned to pay. If they do not settle their obligations, they should be constrained to do so, just as individuals are constrained by means of Sheriff's officers. A sentence should always be carried out in full."

But it was as a representative of big business that the arguments for the occupation of the Ruhr presented themselves most cogently to Poincaré. There were two great industrial combines peculiarly involved in the situation—the *Comité des Textiles* and the *Comité des Forges*.

The case of the *Comité des Textiles* was becoming urgent. The inclusion of the great Alsatian textile mills, like those of Muelhausen, within the French boundaries had created an enormous potential competition for the French market. This tension had been eased by the provisions of the Versailles Treaty which forbade Germany to levy a tariff on Alsatian goods for a term of years. By 1922, however, the inflation of the mark had raised a barrier against them more effective than any customs duty. At the same time the great textile centres of Northern France, like Lille and Roubaix-Turcoing, were attaining full production. A glut of textiles on the French market which would jeopardize profits was imminent. Extension of French control over a wealthy and populous section of Germany, which might be expected to absorb a great quantity of Alsatian textiles, seemed a happy solution.

Even more pressing was the situation of the *Comité des Forges*. The return of Lorraine gave France the greatest iron ore reserves of Europe. Yet France and Lorraine together fell short each year by some millions of tons of producing enough coke to supply the blast furnaces which smelted

this ore. The Versailles Treaty had sought to provide a remedy by giving France the mines of the Saar. But there remained the stubborn technological fact that Saar coal was unsuited to the iron ore of Lorraine. The peace treaty, therefore, had further stipulated that Germany was to deliver to France annually for a long term of years large quantities of coal and coke. It was on Ruhr coke thus secured that the blast furnaces of Lorraine subsisted in the years immediately after the war. Indeed so dependent were they on it, that if the supply fell short some of them were forced to close.

But could the *Comité des Forges* count on such deliveries? It seemed not. The Germans, while ready to sell their coke, were growing reluctant to deliver it as part of reparations. Dependence on Ruhr coke put the iron works of Lorraine at the mercy of action by the German Government, at the mercy of the hostility of German mine owners, at the mercy even of strikes or social unrest in the Ruhr. To the *Comité des Forges* such a situation was intolerable.

As early as May, 1921, Le Prevost de Launay, president of the board of directors of one of the member companies of the *Comité des Forges*, urged that the Ruhr be occupied. The French press subsidized by the *Comité* took up the cry. By May, 1922, it was being freely prophesied that at the behest of the *Comité*, Poincaré would find some excuse to occupy the Ruhr. In that month M. Dariac, president of the finance committee of the Chamber of Deputies, whom Poincaré had sent into the Ruhr to investigate conditions, made his report. He insisted on the necessity of wedding the Ruhr coke to the Lorraine iron ore. "The French metal industry," he said, "cannot live without the German coke."

In December, 1922, through the influence of the French, the Reparations Commission declared Germany to be in default for the non-delivery of 140,000 telephone poles. Defaults in coke and coal deliveries were quickly added to the score, since Germany in the throes of inflation had fallen 16 per cent short of the stipulated amounts. Poincaré had his court judgment; he proceeded to foreclose.

Early in January, 1923, he sent into the Ruhr a group of French engineers, of whom MM. Coste, Aron, Daum and Langrogne had been closely associated with the *Comité des Forges*. The operation, Poincaré insisted, was not of a military nature. The engineers were to supervise the productive economy of the region and secure deliveries of coal to the French. The thousands of troops who were marched into the Ruhr were, he declared, not combatants, not conquerors, but merely "the indispensable protectors of our technical missions."

In the speech before the Chamber of Deputies on Jan. 11, 1923, in which he defended the occupation of the Ruhr, Poincaré was quite frank in admitting that France was going into the Ruhr to get coal. "Germany has not given us the coal she owed us," he said. "It is perfectly natural, therefore, that we should go to seek it now in the shafts of her mines. * * * France cannot, because of her needs, tolerate any shortcomings in the deliveries of coke and coal." Poincaré painted a pathetic picture of the blast furnaces of Lorraine reduced to operating at 50 or 55 per cent of capacity for lack of German coke.

When an interruption from the Left indicated that some members of the Chamber considered the Ruhr occupation to be motivated by the interests of the *Comité des Forges*, Poincaré denied the implication. He pointed out

that the *Comité* could have secured coke by private purchase from the Germans, but that this it had patriotically refused to do lest it interfere with the reparations situation. This contention François de Wendel, a leading figure in the *Comité des Forges*, enthusiastically confirmed. The reaction of the Chamber is indicated in the report of the speech by the words, "varied exclamations."

However mixed the motives which drove Poincaré into the Ruhr, there can be little doubt that the result was a failure, almost unalloyed. Poincaré ran squarely into the granite wall of passive resistance in the Ruhr and the stark facts of uncontrolled inflation and economic breakdown in Germany. During the occupation the French secured only one-fourth the amount of Ruhr coal which they had received previously in similar periods of time. The efforts to encourage a separatist movement in the Rhineland collapsed dismally. The friendship of the British was completely alienated. The French franc dropped from 13.55 to the dollar on Jan. 2, 1923, to 20.53 on Jan. 3, 1924.

A settlement of the whole Ruhr imbroglio came only with the adoption of the Dawes plan. This was made possible by the elections of May 11, 1924, which turned Poincaré out of power and brought in the somewhat less nationalistic *Cartel des Gauches* (the bloc of Left parties):

The most serious of the results of the Ruhr occupation was something which the legalistic and patriotic Poincaré could not grasp at the time—the intensification of German nationalism. As one German remarked, "two men have united the German people—Bismarck in 1871 and Poincaré in 1923." It was no chance that Hitler's abortive Munich putsch came in November, 1923. It is symbolic that in May, 1933, 500,000 Nazis gath-

ered to pay homage to a man named Schlageter whom the French had executed ten years earlier in the Ruhr. As Léon Blum, with remarkable foresight, pointed out in the French Chamber in December, 1923, Poincaré's Ruhr policy led straight to the triumph in Germany of extreme nationalism, to the ruin of the Socialist party, to dictatorship and to Hitler.

The Ruhr disaster would have ended the political career of a lesser man, but the French judged as a venial sin too great zeal in endeavoring to collect from Germany. The episode, in fact, confirmed public opinion as to Poincaré's stalwart and undeviating patriotism. Thus it was that when the franc dropped to 49.22 to the dollar on July 20, 1926, it was Poincaré who was called in to save the French currency. He took office on July 24, and by December the franc was resting comfortably at 25 to the dollar, where it stayed until two years later, when it was officially stabilized at that figure. Poincaré, a bourgeois to the core, would have preferred to see it stabilized at a higher value so that the losses of the great French *rentier* class might have been reduced.

But the interesting feature of the salvage of the franc is that its fall was largely the result of Poincaré's own policy. His insistence that Germany must pay for reconstructing France helped to encourage the French to spend 100,000,000,000 francs on the restoration of the devastated areas, to cover an enormous budget deficit by carrying a separate account labeled "expenditures recoverable from Germany" and to neglect any program of increased taxation and decreased expenses. During Poincaré's own years as Premier (1922-24) the budget deficit totaled some 50,000,000,000 francs.

The remedy of the situation lay in

the abandonment of Poincaré's reparations policy, and this was effected by the shifting Ministries of the *Cartel des Gauches*. It was their committee of experts, too, that outlined the necessary policies of taxation and economy. But to save the franc in 1926 there was need of a man in whom the French had confidence and whose leadership they would accept. Once Poincaré came to power all the psychological imponderables shifted. Speculation turned in favor of the franc. Capital that had fled returned to France. So buoyantly did the franc rise that the French were enabled to build up the vast resources of foreign exchange which enabled them to secure, momentarily at least, the financial hegemony of Europe.

Just before ill-health forced his retirement from public life in August, 1929, Poincaré secured the ratification of the Mellon-Bérenger agreement on the French war debts to America. As in so many other things his efforts ultimately went for naught, for though the agreement was ratified, its operation was suspended by the Hoover Moratorium in 1931 and it was virtually canceled by the French in 1932.

Yet France has been ready to forget Poincaré's failures and to remember what he stood for. He was never popular in France, but the French rewarded him with something better than popularity—their implicit trust. They felt that if he erred it was from an excess of patriotism, and this they could readily forgive. They felt that he was dominated by national, not personal motives. The popular mind endowed him with an almost superhuman firmness and determination. It is to this Poincaré, half man, half myth, that the French from amid their troubles now look back with longing.

Moro Fears of Filipino Rule

By THOMAS STEEP*

INVOLVED in the proposal of the United States to cut loose from the Philippines is the plight of 450,000 Moros. These fiery and warlike people, who profess Mohammedanism and live under the American flag in the southern islands of Sulu, Palawan and Mindanao, have sworn that they will fight if they are abandoned to the rule of the Christian Filipinos.

I once attended with Governor General Leonard Wood a meeting at which the Moros expressed their grievances. It was on the little island of Jolo, in the Sulu group. In the shade of a cocoanut grove, an old datu, standing indignantly erect with an American flag on a bamboo pole slung over his shoulder, berated Congress for having neglected his people. He had the tense dramatic fervor of an actor in a play. His feet were bare, his legs clad in skin-tight breeches; his short jacket was aglitter with spangles and his teeth were black from the betelnut he was chewing. About him, in a circle on the ground, squatted the datus of the people who lived on Jolo and the adjacent islands.

Dramatizing his Arabic dialect with vehement gestures, the datu proclaimed the right of his people to live according to their ancient customs. They wished, he said, to be protected from "civilization." They could find no useful purpose in the gibberish known as "bamboo English" that was taught them by Filipino teachers in

the jungle schools. They disliked the white man's innovations, electric lights, newspapers, sanitation, highways, automobiles, pork and policemen. But what chagrined them most was that the United States, by disarming them, had exposed them to their enemies, the Christian Filipinos, and had threatened, in the event of giving independence to the islands, to abandon them altogether.

"I am an old man," said the datu, drawing his barong, a short work knife, from its sheath in his belt, "but I will die in battle with my hand upraised ready to strike, if the United States, which has promised to protect us, surrenders us to our enemies. What becomes of our petitions to the all-powerful Congress, praying for freedom from the Filipinos? The all-powerful Congress never answers our prayers. Has it forgotten us?"

The Moros are the Mohammedan and partly Hindu descendants of Malay pirates; they obtained their name from the Spaniards, who mistook them for Moors. In their frail praos, with outriggers and painted butterfly sails, they swarmed over the Celebes and Sulu Seas in the fourteenth and fifteenth centuries and settled in the Southern Philippines. Driving into the mountains the aborigines (a black, dwarfish, thick-lipped, kinky-haired people addicted to moon worship, polyandry, poisoned arrows and blowguns), they established villages along the shores near the present sites of Jolo and Zamboanga.

Here they lived under conditions

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favorable to piracy. They built their huts on stilts overhanging the water; they ate fish, fowl, wild animals, mangoes, coconuts, bananas and the luscious mangosteen. In their fondness for appearances they wrapped strips of tinted cloth about their heads for turbans, blackened their teeth with betelnut, wore jeweled pins in the braids of their hair, chose bright hues for their tight breeches and jackets and in their sashes carried crises and barongs. They traded in pearls, textiles, sponges, hammered metals and carved wood. But their chief business was piracy.

From their islands the Moros pushed northward, looting and burning the villages and towns of the natives, slaughtering those who opposed them and kidnapping the young men for their slaves and the pretty women for their harems. They sacked Manila, where the massive stone wall around the old city still testifies to the terror they inspired.

Spanish gunboats eventually curtailed the piracy, but the Moros never submitted to Spanish rule. The Spaniards gladly signed a truce with them under which they withdrew to the southern islands. Legaspi, the first Spanish conquistador to arrive after Magellan's survivors had returned home, said that the Moros were learned in Arabic books and in Mohammedanism, while the natives in the northern islands, the present Christian Filipinos, had no written records or religion.

The Moros were virtually independent when the United States appeared on the scene in 1898. They were scattered sparsely over a territory about the size of New England. In their towns with them were the descendants of the Filipinos whom they had enslaved and converted to Mohammedanism. They regarded their neigh-

bors in the north as enemies and, anticipating that these enemies might one day swoop down upon them in revenge, they had transformed the craters of numerous extinct volcanoes into arsenals, stacked with guns, hand-made cannon and piratical cutlery.

When the United States took control American military administrators were sent from Manila to "pacify" the Moros. The administrators, largely because of their inexperience in colonial affairs, acted in sublime ignorance of the Moro temperament. They unfurled American flags from the walls of Zamboanga and Jolo and sent American brass bands, playing Sousa marches, up jungle trails, hoping thereby to excite patriotic fervor in the Moros, who, however, were uninformed as to the meaning of patriotism.

The Moros were unable to perceive that the American soldiers were any different from the Spanish soldiers with whom they had been in conflict and they feared the Americans would permit the Filipinos to rule over them. True, the Sultan of Sulu, grown fat and effete with too much luxury and preoccupied with collecting pearls which he distributed to the favorites in his harem, was content to accept a yearly stipend from the United States as the price of his submission. But the Moro people, on the appearance of the American troops, retreated to the mountains and began to rub the rust off their guns and swords.

A former Governor General of the Philippines, W. Cameron Forbes, who was not unfriendly to the Moros, said that if they had been approached tactfully by civil instead of by military officials, they might have been dissuaded from starting a war during which, over a period of years, American soldiers were called upon for the first time to aim their guns at women

and children. The army commanders attempted to abolish summarily by edicts the Moros' ancient customs, including polygamy and the carrying of arms. Military officials believed reforms could be effected by punishments. They warred upon the Moros, and the Moros resisted.

For a decade American soldiers took potshots at Moro "outlaws" with no result except to improve their marksmanship, emphasizing again the blunder in the first instance of giving the job to the army. Seven years later General Pershing was still chasing Moros and was expressing himself as reluctant to shoot women and children. "There are enough troops on the island of Jolo," he said, "to smother the defiant element, but the conditions are such that if we attempt such a thing the loss of life among innocent women and children would be very great." When reporting to military headquarters in Manila on the "outlaws" who had fortified themselves in the crater of Bud Bagsak, he pointed out that "it is a common thing among these people to have their women and children follow them into these *cotas*. * * * I am not prepared to rush in and attack them while they are surrounded by their women and children." The crater on Bud Bagsak nevertheless was subsequently stormed "when most of the women and children were absent," the implication being that some of them remained and perished.

Goaded into the belief that the Americans designed to annihilate them as a tribe in order to make room for the Christian Filipinos, the Moros manufactured guns and cannon in quantity. The American Army accordingly issued an order, which was published in Arabic, forbidding any Moro, under penalty of being punished as an outlaw, to carry any explosive weapon or "any bowie knife, dirk, dagger, kris,

campilan, spear or other deadly cutting or thrusting weapon."

The wisest of the Moros, who were not hostile to the American commanders, pleaded against the enforcement of the order. "Our people have never known what it is to be unarmed," they said. "How shall we protect ourselves against our enemies?" When told that they had no enemies they replied: "The people of the north, the Christian Filipinos, who hate us and fear us, are our enemies." To the statement that the United States would protect them, they said: "For the present, maybe. But there has been talk that the United States will one day withdraw, and then the Filipinos will attack us and, without our arms, we shall perish."

But the day was not distant when they were to cry, "Give us back our guns." In 1913 Francis Burton Harrison, then Governor General, terrorized the Moros by announcing his intention to "Filipinize" them under a policy of treating all the races of the islands as a homogeneous unit. Filipinos replaced American teachers in the land of the Moros, and Filipino soldiers, filling the ranks of the constabulary, assumed rôles of prosecutors and judges in the enforcement of Filipino laws. Residents of the northern islands, with lawyers and politicians in plentiful supply, migrated southward to help "Filipinize" the Moros by intermarriage and assimilation.

The Moros' grievances began to pile up. They complained that the Filipinos, in addition to using the ordinary forms of oppression, invented new ones. The Filipino magistrates, they said, kept pigs in the court rooms to insult Mohammedan defendants; the Filipinos taxed the Moros for homes, wells, cemeteries and even the plots that were staked off in the

rivers to protect Moro babies, while playing in the water, from being eaten by crocodiles; they held Mohammedan marriages to be illegal, branding Moro wives as concubines and Moro children as illegitimate; they defrauded the Moros in trade, taking hemp, copra and coffee for one-tenth the value in matches, salt and needles; they used the butts of rifles to remind the Moros to salute the Filipino flag; they kept Moros in jail without trial. In a word, the Filipinos made life for the Moros intolerable.

It became noticeable that Christian Filipinos were murdered more frequently. Their bodies were found disemboweled in the streets or impaled with knives to the trunks of palm trees. The Moros, in their mad desire for revenge, ran amuck, or, assured of eternal bliss by destroying one or more unbelievers, they shaved their heads, donned a white garment, had themselves blessed and ran through the streets, stabbing as many Christians as possible.

Filipino politicians have regarded the "Moro problem" as a possible obstacle to independence and have always attempted to minimize it. In answer to the claim that Filipinos and Moros are hereditary enemies, they have contended that all the tribes and races in the islands are homogeneous. At a hearing before the Insular Affairs Committee of the House of Representatives in January, 1932, Manuel Roxas, Speaker of the Philippine House, testified:

"It is often said in this country by casual visitors to the Philippine Islands that the greatest problem is the Moro problem. We have studied Philippine conditions for many years, and just what is meant by the so-called Moro problem is something we have not yet discovered. * * * Of course, if the problem is to Christianize the

Mohammedan Filipinos, that problem has not been solved and will not be solved by anything the government can do. * * * Why did the Mohammedan Filipinos resist the government in the early days? Because the Philippine Commission passed a law making it compulsory for every child to go to the schools. The government tried to stamp out polygamy by law. The government tried to compel the girls and the women of the Moro population to enter the schools, something that was fundamentally contrary to their religion. * * * The rumors that are being circulated in this country [the United States] that the Moros have a traditional hatred for the Christian Filipinos have absolutely no foundation."

When Representative Joseph L. Hooper of Michigan said at the hearing that he had read in many books that there was a deep-seated hatred on the part of the Mohammedan Filipinos for their Christian neighbors, Mr. Roxas replied: "It is our honest belief that there is no truth to such assertions."

If Mr. Roxas believed that the Moros and the Christian Filipinos were a unit, he perhaps had not witnessed, as I had, scenes in Zamboanga when mobs of angry Moros threatened to butcher the resident Filipinos. In 1926 Colonel Carmi Thompson of Ohio arrived in Zamboanga. As he was the personal representative of President Coolidge, both Moros and Filipinos prepared to receive him. To avoid overcrowding the dock it had been agreed that the townspeople were to stay inland near the plaza, the Moros on one side of the street and the Filipinos on the other. When Colonel Thompson stepped off the boat, the Filipinos, disregarding the agreement, stampeded to the dock and began yelling for independence. The

Moros, who had remained where they had promised, whipped out their barongs, loudly proclaiming with Arabic war whoops that they were ready to cut Filipino throats. Only the intervention of the small available force of American troops prevented serious disorder.

Nor did Mr. Roxas agree with the official report of the Wood-Forbes Mission to the islands, which said: "The Moros are a unit against independence." Apparently, also, Mr. Roxas did not recall that many Moro petitions to Congress had somehow disappeared when they reached Manila and never got to Washington.

Patrick J. Hurley, then Secretary of War, declared before the same hearing at which Mr. Roxas appeared that Congress up to that year, 1932, had not fulfilled its obligations to the Moros. "The Moros have been disarmed," he said. "They have been deprived of their old method of self-preservation and self-defense. But they have not made, in thirty years, the progress that the Christian Filipinos have made in that time, because the Christian Filipinos had more than three centuries of foundation to start with." The United States "should frankly face the fact that it has disarmed the citizens of the Sulu Archipelago and the mountain provinces of Luzon and Mindanao, with the understanding that it would prepare them for citizenship where they could maintain their rights in a civil government without the use of arms. It has not brought them to the place where they have the capacity to defend their rights through civil process. They have not even the capacity to elect their own Representatives and Governor. Congress, of course, may be told that the Filipinos will carry on

the work of preparing these backward people for citizenship, but Congress should remember also that it is delivering these same people into the hands of their hereditary enemies."

President Roosevelt in his message to Congress recommending Philippine independence said that the United States "desires to hold no people over whom it has gained sovereignty through war against their will." Almost 500,000 Moros are asking whether this principle does not apply to them, whether the United States can justly hand them over to the Filipinos to be held by the Filipinos against their will. They are also asking the question raised by Mr. Hurley, whether the United States, having disarmed them, should abandon them without first teaching them how to maintain their rights in a civil government without resorting to the use of arms.

I sat one day in a big wooden hotel in Zamboanga when there was a knock at the door. At my invitation to enter, the door opened timidly to disclose a kindly old datu, who, in spite of his wrinkled face and toothless mouth, seemed in his bare feet like an artless boy. The day before, during the incident accompanying Colonel Thompson's arrival, I had listened sympathetically to him while he told me of a petition the Moros had prepared for Congress.

"You saw how near we came to a pitched battle in the streets yesterday," he said. "That was a hint of what terrible bloodshed there will be all over the southern islands if the United States abandons us to the Filipinos. We will fight, but they will exterminate us because we are few and they are many and they are armed and we are disarmed."

Literature Goes Left

By V. F. CALVERTON*

AMERICANS are entering a new period in their literary history. It began with an inchoate protest against the cynicism of the Twenties, with resentment first expressed in the doctrines of the Humanists. Now the protest has gone further. The jazz age with its Freudian witticisms has been supplemented by an era of social propaganda. In general the new period is marked by the swing leftward of the intellectuals; and is symbolized by *The American Mercury's* conversion into a magazine more interested in reform than in ridicule. The period has given birth to a new movement, popularly called proletarian, which has affected not only literature but also the arts of music, painting and sculpture.

Few writers, especially of the younger generation, have escaped the impact of this movement. Even those older writers who oppose it have been obliged to define and redefine the nature of their opposition. When H. L. Mencken recently discussed proletarian literature in *The Saturday Review of Literature*, he sneered at the movement and called it the creation of inferior minds and prosaic imaginations. Many of the leading writers in the middle generation, however, despite Mr. Mencken's convictions on the point, have declared themselves in sympathy with the proletarian outlook.

*Mr. Calverton, writing in the *Modern Quarterly*, predicted over ten years ago the rise of a proletarian literature. He also discussed this probability in *The Newer Spirit*, a book published in 1925.

Sherwood Anderson has written a novel, *Beyond Desire*, in response to its challenge; Sinclair Lewis has hailed with enthusiasm the appearance of the novels of Albert Halper, one of the most prominent of the proletarian novelists, and not so long ago addressed himself to the task of writing a labor novel; Theodore Dreiser has declared himself in favor of the new school, and has sought to identify himself with the proletarian cause. Robert Herrick, a veteran novelist in the realistic tradition, wrote in *The New Republic* that "the sudden emergence of this new labor literature * * * is significant, prophetic." Even F. Scott Fitzgerald has caught something of the proletarian challenge in the pages of a novel as remote from social propaganda as *Tender Is the Night*.

But what is this proletarian tendency? Commonly proletarian literature is confused with working-class literature, and as a result most people believe that, since Dickens, Mrs. Gaskell, Charles Kingsley and others wrote about the working class several generations ago, there is nothing new about the proletarian movement in literature today.

What is familiarly known as working-class literature, however, is in most cases no different from other literature save that its characters are millhands, miners or boilermakers, instead of doctors, lawyers, writers, merchants or preachers or as in feudal days men of aristocratic station. But it was significant that the contempt

for the workingman conspicuous in Shakespearean drama gave way to sympathy and pity in such nineteenth-century novels as *Mary Barton*, *Hard Times*, *Alton Locke* and *Adam Bede*.

Such working class fiction, however, has no more to do with proletarian literature than the crocodile tears of a Chautauquan tragedian with genuine tragedy. Proletarian literature is working-class literature inspired by revolutionary purpose. It is concerned with the workingman not as an object of sympathy or commiseration but as the creative source of a new society. It does not look upon the workingman, as did Mrs. Gaskell, as some one who needs to be protected and helped, but as the embattled maker of the world of tomorrow.

Proletarian literature, therefore, is more than realistic literature. It is a literature dominated by a dynamic idea, a literature carrying within itself the seeds of prophetic conviction and challenge. As the moral literature of the middle class succeeded the hedonistic literature of the aristocracy, so the proletarian literature of today expresses the new morality of a working class striving toward a collective society. Steele and Lillo and Cumberland were interested in "moralizing the stage" and in purifying literature of its aristocratic vices; the proletarian authors of today are concerned with ridding literature of its middle-class lies and hypocrisies, and introducing a conception of the working class as the bearers of the new truth of the future.

The worker naturally becomes the heroic protagonist in proletarian literature, while the capitalist and his allies are the villains. The main conflict revolves about the struggle between workers and capitalists. The strike is often used as a symbol; but the strike is not just a strike, as in a

novel like Ernest Poole's *The Harbor*. Instead, it becomes a social and spiritual conflict in which the class forces involved are translated into the dynamics of individual character. The struggle has far more than higher wages and shorter hours for its goal; within it civilization is being tried and tested.

A considerable part of the intellectual impetus and cultural inspiration for the proletarian movement in literature in America has been derived from Soviet Russia, but it would be a mistake to conclude that before the rise of the Soviet régime no signs of a proletarian literature had appeared. In nineteenth-century France, when political revolutions were the order of the day, there was a similar exaltation of the proletariat by writers who identified themselves with the revolutionary cause. "It is to the proletariat * * * that now belongs the creative and primary rôle of poetry," asserted the nineteenth-century poetess, Amable Tastu, and George Sand, inspired by the workers' poetry of the day, declared that "the elements of the future ought to be a race of proletarians, wild, proud and ready to claim the rights of mankind by force."

These people, however, did not write proletarian literature themselves; they were mainly interested in the working-class prose and poetry which was being produced by real proletarians and which was being championed by a number of the intellectuals. Ironically enough, the majority of the proletarians whose poetry awakened such wild acclaim in gas-lit Paris did not write proletarian verse. The verse of worker-poets like Jasmin, Moreau and Reboul was for the most part romantic and sentimental rather than realistic or revolutionary. Even the poetry of Charles Poncey, whom George Sand challenged with the question, "Are

you a bourgeois poet or a proletarian poet?" had less revolutionary fervor than romantic lamentation and childhood nostalgia.

Proletarian literature, after all, is more than literature written by or about proletarians. The majority of the workers who have become successful writers have not been interested in producing proletarian literature. They have tended, for the most part, like the French worker-poets, to imitate the work of the successful middle-class writers. Though Jasmin preferred to write about a "broken trowel" instead of about a lock of hair, his sad, sentimental, unchallenging mood mainly resembled that of the contemporary bourgeois writers. In America today, however, workers like Jack Conroy, an ex-miner, and Albert Halper, an ex-foundryman, are writing novels in the proletarian tradition. Of course, the life of the proletariat hardly affords sufficient opportunity or leisure to encourage the development of literary talents. Proletarian writers will therefore for the most part spring from the middle-class intellectuals who, like Waldo Frank, Robert Cantwell and William Rollins, identify their spiritual interests with those of the proletarian cause.

What makes Robert Cantwell's *The Land of Plenty* and William Rollins's novel, *The Shadow Before*, proletarian is not the fact that they deal with workers, for most of the literature concerned with the working class, as we have seen, has not been proletarian, but that they represent faith in the workers instead of pity or contempt for them, faith in their power not only to win a strike but to create a new and better society. "There is a class [the proletariat], hardly born," writes Waldo Frank in his new novel, *The Death and Birth of David Markand*, "which struggles with the world

to live. By its struggle for life the whole world may be reborn alive again." What makes these novels significant as proletarian fiction is that they have succeeded in communicating that faith not by arguing or preaching—the devices of the pamphleteer—but by direct portrayal of character and dexterous organization of material.

The first suggestion of the proletarian spirit in American literature appeared in 1906 in Upton Sinclair's novel, *The Jungle*, a story of the suffering endured by the workers in the Chicago stock yards. This was followed a year later by Jack London's novel, *The Iron Heel*. London, except for occasional essays, his *People of the Abyss* and *Dream of Debs*, did little else that had any pertinence to the proletarian tradition; Sinclair, however, continued to write. *The Money Changers*, *King Coal*, *The Metropolis*, *100%*, *Oil* and *Boston* all belong within the periphery of the proletarian movement, but none achieves the challenging clarity of the more mature and full-fledged proletarian novels of Albert Halper, William Rollins, Grace Lumpkin and Fielding Burke. Notwithstanding his genius as a propagandist, or perhaps because he made his propaganda explicit instead of implicit, Sinclair remained outside the mainstream of American literature. Though almost the Harold Bell Wright of working-class fiction, Sinclair must be regarded as an isolated pioneer in what has since become an active growing movement.

What makes the proletarian spirit in American literature so much more important today than ever before is that it is now no longer the property of a few lonely enthusiasts but is in the mainstream of American letters. Like the agrarian radical movement of several decades ago, led by Hamlin

Garland and Frank Norris, the proletarian movement in American literature today has developed into a dynamic force, with professional disciples and lay followers, with clubs and magazines espousing its cause, and with critics, novelists, playwrights and poets rallying to its support. Ever since the mid-Twenties, when John Dos Passos emerged as a major novelist and as the foremost spokesman of an American proletarian literature, the movement has been gathering momentum. Alongside Dos Passos appeared Michael Gold, former editor of *The New Masses*. His first book, *One Hundred and Twenty Million*, and his second, *Jews Without Money*, and his memorable philippic against Thornton Wilder, brought the proletarian challenge into the literary limelight. Gold's work was followed by that of Charles Yale Harrison, whose first novels, *Generals Die in Bed* and *A Child Is Born*, helped carry on the same tradition.

One of the important points in the advance of the American proletarian movement was the conversion of Edmund Wilson to its cause. His conversion led many other intellectuals to ally themselves to the movement. Most conspicuous among these were Newton Arvin, Kenneth Burke, Malcolm Cowley, who is still one of the editors of *The New Republic*, and Granville Hicks, now literary editor of *The New Masses*. Hicks is also the author of a volume of criticism, *The Great Tradition*, in which he has endeavored to show that the proletarian movement in American literature is the logical extension of that tradition of protest inaugurated by Emerson, Thoreau and Whitman, and carried on by Howells, Garland, Norris, Herrick, Phillips, London and Sinclair.

Today the proletarian novel holds a prominent place in the American lit-

erary scene. John Dos Passos's 1919, although it revolves about middle-class characters, is the most important proletarian novel yet to appear. Less significant from a literary point of view, though more proletarian, have been William Rollins's *The Shadow Before*, Jack Conroy's *The Disinherited*, Albert Halper's *Union Square* and *The Foundry*, Robert Cantwell's *The Land of Plenty*, Fielding Burke's *Call Home the Heart* and Myra Page's *Gathering Storm*.

Almost all these novelists, with the exception of Myra Page, have succeeded where Upton Sinclair usually failed. They express their ideas in terms of character and situation rather than superimpose them upon their theme. Albert Halper in *The Foundry* achieves clearer characterization than the others; Rollins in *The Shadow Before* and Fielding Burke in *Call Home the Heart* come closer, however, to capturing the proletarian spirit as a mass reality.

The Shadow Before has converted the strike into a powerful literary symbol. By combining significant insight with a litheness of style and an uncanny gift for situation, Mr. Rollins has painted a more vivid picture of workers and the life they lead than can be found in any other American novel. He fails, however, as do all the proletarian writers, when he depicts his capitalists as unmitigated villains, blustering stuffed shirts, or intellectual zanies. He is at his best in the delineation of proletarian types, and especially in the description of the New Bedford strike which swells up like a vast tidal wave upon the shores of New England civilization.

More simple, more earthy and less melodramatic, Fielding Burke's novel, *Call Home the Heart*—like Grace Lumpkin's *To Make My Bread*—does for the Southern hillbillies, caught

as they are in the economic vise of the new South, with its parvenu factories and unmodernized mills, what Rollins's novel does for the workers of New England.

Proletarian drama has not lagged far behind proletarian fiction. It dates back to Upton Sinclair's impressive drama, *Singing Jail Birds*, and to a number of plays—for example, John Dos Passos's *Airways*, and Em Jo Basshe's *The Centuries*—staged by the New Playwrights Group in the Twenties. While many plays written and produced in the last seven or eight years suggested a proletarian outlook, it is only within two or three years that proletarian drama has become significant. Elmer Rice, with *Judgment Day* and *Between Two Worlds*, and John Howard Lawson with *Gentle Woman* are the best known dramatists with a Broadway background to become advocates of the proletarian motif. Neither of them, however, has written a play that can compare in dramatic significance or social challenge with *Stevedore*, by George Sklar and Paul Peters, which, as directed by Michael Blankfort, is by far the best proletarian drama yet produced.

Next to *Stevedore* in importance stands the Theatre Guild production of John Wexley's *They Shall Not Die*. This play converts the Scottsboro case into forthright, effective drama. There are other proletarian plays worth noting: Maxwell Anderson's *Gods of Lightning*, Paul and Clare Sifton's 1931 and *Peace on Earth*, by Albert Maltz and George Sklar.

Proletarian poetry cannot yet be compared with proletarian fiction and drama. Horace Gregory, Alfred Kreymborg, Maxwell Bodenheim and Robert Gessner have allied themselves with the proletarian movement in literature, but none of them has yet contributed anything of importance to

proletarian poetry. Langston Hughes in some of his Negro verse and Stanley Burnshaw in his milltown poetry, and now Isidor Schneider in his volume *Comrade Mister*, have been more successful than most of the older poets in striking a proletarian chord. Among the younger poets Joseph Kalar and Herman Spector are the most gifted, but Edwin Rolfe and S. Funaroff reveal remarkable promise. In a little volume entitled *We Gather Strength* the work of these four poets has been brought together in an impressive anthology. A more difficult art than the novel or the drama, it is to be expected that poetry will be the last of the arts to be successfully woven into the proletarian pattern.

Despite all these achievements, proletarian literature in America is still more of a promise than a fulfillment. But it represents a powerful literary force in America today by virtue of this promise. It has yet to produce a great novel, a great drama, or a great poem. Among the proletarian writers there is as yet no Fielding or Keats, no Melville, O'Neill, or Whitman.

Proletarian literature still belongs to the *Everyman* stage of development, the period of the miracle, mystery, morality and interlude plays which preceded Shakespeare, when character and plot were human dominoes moved in an inevitable black and white pattern. It has not yet freed itself sufficiently from the hero-villain complex, in which all heroes are workers and most villains are capitalists, to achieve that ultimate subtlety of insight and profundity of interpretation which characterize great literature. Its promise and direction, however, lend strength to the belief that with advancing maturity such subtlety and profundity will be added to its present dramatic and pictorial powers.

Current History in Cartoons



Alphabetical
—*St. Louis Post-Dispatch*



Again overtaken by the storm
—*New York World-Telegram*



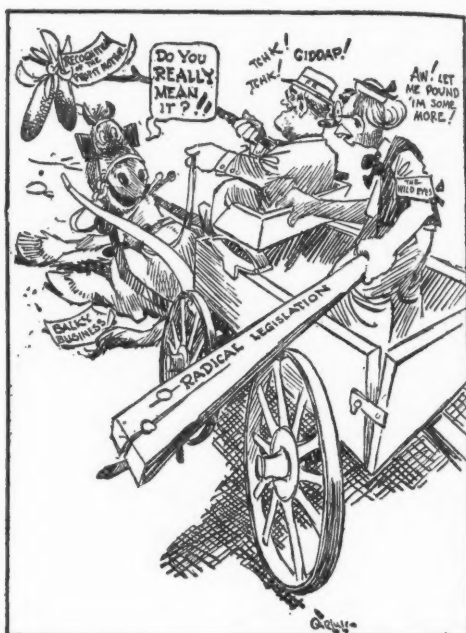
Who loves a book agent?
—*The Commercial Appeal, Memphis*



Boy, page Harry Hopkins!
—*The Birmingham Age-Herald*



The White House caller
—*The Dallas Morning News*



Let's see which way works best
—*Portland Press-Herald, Portland, Me.*



Will he answer?
—*San Francisco Chronicle*



Come on; taste it
—*The Knickerbocker Press, Albany*



Insull court file
—St. Louis Star-Times



Old Faithful
—The Washington Post



Aleck in Wonderland
—The News, Lynchburg



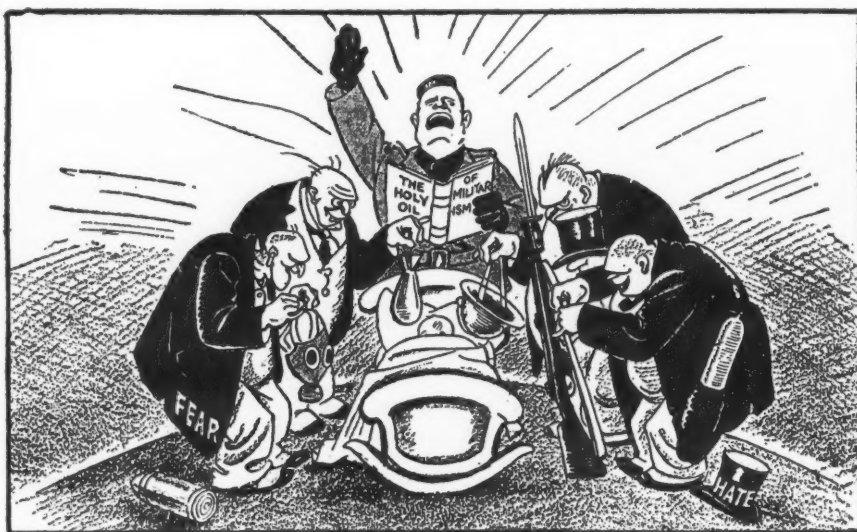
Squealing
—The Courier-Journal, Louisville



"Brother, you don't know what trouble is"
—New York World-Telegram



After a million years he's come
back
—Daily Herald, London



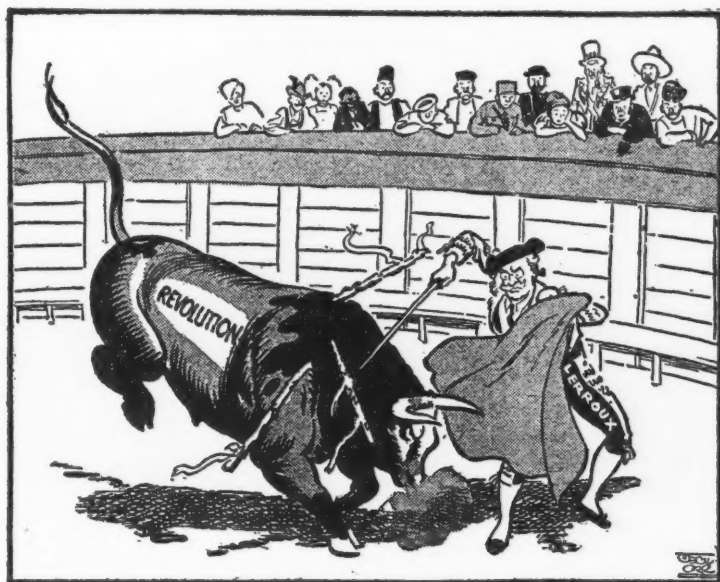
Godfathers ("Every male Italian must be a soldier from 8 to 85.")
—The Daily Express, London



Oil—and troubled waters
—*The Sun, Baltimore*



No damn goodee!
—*The Washington Post*



Coup de grâce in Spain
—*Glasgow Record*



The League of Nations tries not to disturb the sleepers

—Kladderdatsch, Berlin



Quarrel in ye antique shoppe
—Daily Express
London



Austria: "I treasure my independence"

—Simplicissimus, Munich

A Month's World History

The London Naval Talks

By ALLAN NEVINS

Professor of American History, Columbia University

PRIME MINISTER MACDONALD, in his first formal speech since his recent vacation, declared that he still had faith that disarmament could be achieved "in our time" if its supporters but attempted to rally public sentiment. His optimistic phrases, however, have a hollow ring when tested by recent events.

The Disarmament Conference is in a state of suspended animation nigh unto death. Defensive expenditures of all the great powers except Germany, according to figures published on Oct. 28 by the Foreign Policy Association, are now much greater than in the days just before the World War, the outlay by France and Italy being more than one-fourth greater than in 1913, that by the United States nearly three times as great, and that by Japan (immensely increased since the outbreak of the Manchurian troubles) nearly five times as great. Despite the restrictions imposed by the Versailles treaty, Germany is steadily pushing her military, naval and air appropriations up toward the level of costs of the Kaiser's great imperial war machine. Precisely as if history had no lessons on the subject, boxes and barrels of explosives are being piled higher and higher, and their safety is being entrusted in half a dozen countries to men so lacking in balance and judgment that, to paraphrase E. L.

Godkin, no ordinary citizen would trust them with the care of his estate or children.

To add to the gloom, there are increasing indications that the London Naval Conference is doomed to failure, if indeed there is to be any conference at all. Nothing could have been more discouraging than the preliminary bilateral conversations held in London in late October and early November by American, British and Japanese delegations, even if the forecasts had not been cheerful. Japan was expected to insist upon abandonment of the 5:5:3 ratio written into the Treaty of Washington, and to demand at least some form of equality with Great Britain and the United States. For some time there was hope that a magical formula could be found. The British in particular, led by the conciliatory Mr. MacDonald, apparently believed that some compromise could be achieved between Japan and America—perhaps a plan by which Japan would gain recognition of her right to equality while making a "gentleman's agreement" not to build beyond the present ratio, perhaps a plan to give Japan equality in defensive armament while leaving the United States and Great Britain preponderant in larger units. But the magical formula, after half a month of talk, did not appear. At the end of the first week

of November the deadlock was complete.

Although the conversations did not formally begin until Oct. 23, the American and Japanese delegations, headed respectively by Norman Davis and Admiral W. H. Standley, and Rear Admiral Isoroku Yamamoto and Ambassador Tsuneo Matsudaira, were both in London on Oct. 16. They at once opened unofficial conversations with the British representatives, Mr. MacDonald and Sir John Simon. The first formal exchange was a Japanese-British meeting; the next a Japanese-American; the third a British-American.

Mr. Davis urged that triangular conversations would save time, but the Japanese at first insisted upon the bilateral discussions, for they feared that if all three nations met in the same room, the British and Americans would form a united front against them. This was a well-grounded fear. Both America and Great Britain are determined that the substance of the 5:5:3 ratio shall be preserved if there is any new treaty at all. Since the British saw that all hope of cajoling Japan into concessions would be lost if Britain and America joined hands in a threatening way, they took pains to show cordiality to Japan and to preserve an independent attitude. This appears at times to have irked Norman Davis, but it was undoubtedly the wisest course. The surest way to make the Japanese people feel that a navy as large as any in the world is indispensable is to make them feel that the United States and the British Empire are sure to unite against them.

The first week showed that with the United States unwilling to recede from the 5:5:3 principle, and Japan unwilling to accept any essential modification in her demand for naval

parity, a deadlock was unavoidable. The Americans held that the Washington Treaty, which they regard as the most effective instrument for peace devised in the past sixteen years, must be preserved. They argued that the 5:5:3 ratio gives Japan perfect equality for defense in her own part of the world; that her navy there is more than the equal of any that can be brought against her. With this the British wholly agree.

The United States has to protect both the Atlantic and Pacific seaboards; Great Britain has to defend a world-wide empire; but Japan can keep her fleet concentrated in home waters. From the Anglo-American point of view, the Japanese demand for parity is therefore a demand for superiority in effective use of her fleet. But the Japanese would not budge. Up to Nov. 7 they had made public no written statement of their position, though it was understood that they proposed equality in ratios; a fixed limitation in aggregate tonnage; a specific reduction in the building of warships of offensive type—that is, battleships and airplane-carriers; and unlimited building, within aggregate tonnage limits, of defensive types, including light cruisers and submarines.

These proposals were totally repugnant to the United States. To accept them would leave the Philippines utterly defenseless and Hawaii and Alaska gravely exposed. They were only less repugnant to Great Britain. It is true that the British naval experts wish, like Japan, to emphasize light cruisers (valuable to Britain because of her numerous bases) and to reduce the construction of heavy battleships and battle-cruisers. But the British were perturbed by the classification of submarines as defensive weapons, for the World War proved

them the most dangerous offensive warships that Britain faced. And the British are as unwilling as the Americans to agree to a parity that would, as J. L. Garvin has said in the *London Observer*, amount really to a grant to Japan of a double ratio.

In recent months Australia and New Zealand have shown less and less fear of Japan. Her entanglements in Eastern Asia have reassured them, while Japan is a good customer for Australian wool and wheat. But feeling in all the Dominions will not warrant a concession of parity.

Mr. MacDonald on Nov. 7 made what seemed perhaps a last effort to bring about agreement. He informally suggested a recognition of Japan's right to defensive equality, limitation on the basis of maximum tonnage but with the addition of categories and of fixed numbers for ships, and a modification of the demand for abolishing big offensive ships. In Tokyo the Japanese Government spokesman showed a chilly attitude toward this plan. With an air of finality he remarked: "We are unable to conceive of an acceptable scheme which will grant the equality we have demanded and at the same time contain restrictions giving something less."

Fundamentally, while Japan talks of parity she clearly desires more—a navy so formidable that not even a combination of the British and American fleets could stop her from acting precisely as she pleases in Eastern Asia. It is absurd to suppose that Japan now contemplates hostile action against the United States or casts a longing eye upon the Philippines, much less upon Australia. But it is quite obvious that Japan does contemplate a resolute if not aggressive policy on the Asiatic mainland, and that she still feels the apprehen-

sion and resentment that arose when the United States and the League joined in condemning her separation of Manchuria from China.

Captain Gumpei Sekine confessed as much when he said in his article in the last issue of *CURRENT HISTORY*: "Our armaments exist not as implements of attack or invasion of another country, but as means of securing the execution of our * * * policy of preserving the peace of the Far East." But the Japanese would do well to keep in mind these three facts: (1) A navy large enough to give Japan an absolutely free hand on the continent of Asia will be a navy large enough to excite apprehension in all other parts of the Pacific; (2) a union of the United States and the British Empire against Japanese designs might be more easily effected than undone; and (3) the United States, which is spending its way to prosperity, might accept denunciation of the Washington Treaty as a signal for a naval race that would be ruinously expensive to Japan.

GERMANY AND THE WORLD

As the fateful plebiscite in the Saar on Jan. 13 draws near, tension in the neighboring countries increases. Paris dispatches announced on Oct. 31 that the French Army was in readiness to take over police duty in the district in the event of disorder; "precautionary" steps have already been taken in the equipment of the Twentieth Army Corps at Nancy and the Sixth Corps at Metz for instant action. Of course, the French troops would not move except upon the request of the Saar Commission, which has a clear-headed and careful Englishman, Geoffrey G. Knox, as chairman; and the commission will not act unless there is definite threat of a Nazi putsch.

There seems no reason for one. Miss Sarah Wambaugh, the American expert on plebiscites, has added her prediction of a German victory to those of most other observers. But the intensity of French distrust of Germany is indicated by Foreign Minister Laval's statement: "We have slipped back into the Middle Ages." The press in both France and Germany is already excited and bellicose over the Saar issue. The German Ambassador, Roland Koester, however, told M. Laval on Nov. 6 that Germany intended to respect in every way the treaty conditions for the Saar vote.

Meanwhile Germany seems to be following an almost deliberate purpose to alienate all remaining American sympathy or respect. On Oct. 29 Dr. Schacht delivered in Berlin another speech announcing and defending a policy of debt repudiation. The same man who declared in New York in 1930 that "the moral force" of the German people would see that "Germany will repay those debts" told his Berlin audience that the most immediate task of the Nazis "was to make clear to other countries that they could expect no more money from us." He talked in one part of his speech of Germany's possession of "the highest culture and the highest civilization"; in the rest he made it clear that common honesty has little part in that civilization.

Three days later Germany showed that she can still be honorable when a club is held over her head. While she will not pay America at all, under an agreement published on Nov. 1, she will pay the British in full—because the trade balance with Britain is such that London can compel her to do so. But the United States wields no such weapon; and on Nov. 3 Berlin announced that even the shabby payment of 40 per cent of interest after

a six months' wait, offered Americans last May, was now canceled. On Oct. 13 Germany had denounced her commercial treaty with the United States. On Nov. 7 Dr. Schacht dealt a new blow to American trade by placing sharp restrictions on the importation of American automobiles. American firms were informed in effect that they could sell cars only through barter deals which would compel them to buy German goods worth from five to ten times as much as the automobiles sold. The whole German course, as we have said before, shows how little the Nazis care about the sentiment of the world.

THE MARSEILLES TRAGEDY

Elsewhere in this magazine an account is given of the assassination of King Alexander of Yugoslavia and Foreign Minister Barthou of France at Marseilles on Oct. 9. Fortunately the tragedy had no sinister after-effects. At the time the relations of Yugoslavia, Italy and France were at a delicate stage—possibly near a turning point. King Alexander was on his way to Paris, where M. Barthou expected to persuade him to reach an agreement with the country Yugoslavia distrusts more than any other, Italy. This was part of the Franco-Italian effort to consolidate all Southern Europe against Germany.

On the eve of this meeting Yugoslav animosity toward Italy had been accentuated by a virulent and unprovoked newspaper attack on the Italian war record. Premier Mussolini replied with a rebuke and a threat, but also with a gesture of conciliation. Speaking at Milan on Oct. 6 he said: "There is no great possibility of improving Italy's relations with Yugoslavia as long as journalistic polemics continue which wound us to the innermost core." But he added: "Italy, which is

a strong nation, again offers Yugoslavia the possibility of an understanding."

It was not known abroad what King Alexander's attitude toward rapprochement with Italy would have been. Recurrent reports that France would side with Italy in supporting a Habsburg restoration in Austria had greatly alarmed the Succession States, especially Yugoslavia. Alexander was said to be shifting his sympathies toward Germany, and Germany has been assiduously courting her southern neighbors in the pursuit of the perennial German dream of a Teutonic Mittel-Europa. What would have happened in Paris, therefore, is not clear. In the first flare of indignation caused by the assassination the Yugoslavs unanimously selected Italy as the culprit. This led to anti-Italian demonstrations on Oct. 10-11 at Sarajevo, Zagreb and Ljubljana and wild charges that Italian money had financed the crime.

Premier Mussolini fortunately kept cool. He stopped any display of Italian anger by suppressing reports of the Yugoslav riots in the press, and in other ways also behaved with restraint. By the time the police inquiry had established the identity of the assassin and his associates Yugoslav feeling had subsided and diplomacy had become effective. At first an investigation by the League of Nations was suggested at a conference in Paris between Dr. Benes, Czechoslovak Foreign Minister and President of the League Council, and Joseph Avenol, the League's Secretary General. But the evidence gathered by the police contained so much dynamite that a League inquiry would have had dangerous political repercussions, stirring up national hatreds, and it was decided to avoid it.

As nearly as could be ascertained

the assassin was a Croatian terrorist, a member of a society called Ustashi, which had been harbored both in Italy and in Hungary. The assassin had come from Hungary, where a colony of Croats had settled at Janka Pusztá, only ten miles from the Yugoslav border. However, after a protest from Yugoslavia to the League Council last Spring, the Hungarian Government had dispersed the colony, whose members found refuge wherever they could. The Italian Ustashi came into the news last Winter when it was discovered that a Croatian who attempted to kill King Alexander at Zagreb was one of its agents. According to the police, the Italian colony still exists. Although the Hungarian Legation in Paris indignantly denied that Hungary was involved, the Italian Government maintained a marked silence.

To prevent international complications, the Foreign Ministers of the Little Entente held an emergency meeting in Belgrade immediately after King Alexander's funeral. Dr. Benes arrived from Paris where he had consulted Premier Doumergue and Foreign Minister Laval. Hence it could be assumed that he brought the advice of France. As a result of the Little Entente conference, instead of a sharp diplomatic protest from the Yugoslav Government, a communiqué signed by the entire conference was issued. It mentioned neither Hungary nor Italy, avoided the question of blame, and merely demanded that all governments cooperate to determine the responsibility for the assassination and take measures to prevent similar crimes in the future.

It is still too early to predict the future course of Yugoslavia's foreign policy, but the new government under the regent, Prince Paul, evidently intends to be conciliatory toward Italy.

Indeed, the internal condition of Yugoslavia does not warrant any other course. Premier Mussolini has been encouraged to resume the treaty negotiations interrupted by the death of Barthou and Alexander.

Probably no event since the war has brought so many Middle European and Balkan statesmen together at once as the death of Alexander drew to Belgrade to be present at the funeral. For the first time representatives of the Balkan Entente and Little Entente met together formally. It has been suggested that, as a result, Bulgaria will shortly join one or the other of the two alliances. Another result may be that Yugoslavia will depend more on her neighbors than under the rule of the independent and dictatorial Alexander, and that she may play a more helpless rôle in international politics.

MONEY AND TRADE

After two years of competitive currency devaluation in an effort to capture world trade, the great export countries paused in October to watch a small but determined group of nations which have held to the gold standard and have seen their foreign commerce dwindle to the vanishing point. This gold bloc—France, Italy, Belgium, Holland, Poland, Switzerland and Luxemburg—served warning on Oct. 20 that they intended to fight for their commercial existence. After two days of negotiations in Brussels, they agreed to a pact designed to restore trade among themselves and strengthen their threatened financial resources. The pact is regarded as one of the most important commercial agreements since the beginning of the depression.

Under the agreement a commission is set up to achieve two objects: First and most important, it must negoti-

ate within a year bilateral agreements between the participants in order to stimulate exports; second, it must find the means of improving the tourist traffic and transportation. Further, and as an item to be considered in the bilateral agreements, the program is to make due allowance for the interests of third parties—non-gold-standard countries which may have long-standing commercial agreements with members of the gold bloc.

The success of the plan will hinge entirely on the practicability of the trade discrimination it intends to superimpose on the present commercial arrangements of Europe. A majority of the members of the gold bloc are bound by most-favored nation agreements with countries outside their group, and it will be necessary to find a way around these agreements.

The possibility that the United States will stabilize its currency has in recent weeks been widely discussed abroad. Two incidents furnished the pegs on which speculation has hung. The first was a Department of Agriculture memorandum on planned economy submitted to the meeting of the International Institute of Agriculture at Rome and released in Washington on Oct. 18. This made several specific recommendations, among them monetary cooperation between nations "as a means of eliminating one of the principal motives existing at the present time for the imposition of trade barriers." Five days later Ambassador Robert W. Bingham, in a speech at Edinburgh, openly urged that Great Britain and the United States stabilize the pound and dollar as a measure that would benefit the whole world. No confirmation was forthcoming at the White House, so that the significance of the Ambassador's pronouncement could not be determined.

Confusion Rules in Washington

By CHARLES A. BEARD

THE returns for the election of Nov. 6 are in. On its surface the outcome was "a glorious victory" for the Democrats and a sovereign mandate for them to go ahead—somewhere. Viewed superficially, it was a "smashing defeat" for the Republicans and led hurried prognosticators to pronounce the coming doom of that political association—a doom such as was meted out to the Democrats after their Waterloo in 1920. In States where the Democrats did not emerge triumphant, Minnesota and Wisconsin, for example, the Grand Old Party of William McKinley, Marcus A. Hanna and Calvin Coolidge received no consolation. Once more, as in 1873 and 1893, thunder was heard on the left, perhaps something ominous, perhaps not. What a little touch of prosperity would do to the configuration of November, 1934, no one knows. What a deepening crisis would do is equally unpredictable. So it could be said again as it was in December, 1860, the future is veiled. When Huey Long and Theodore Bilbo confront David I. Walsh and Carter Glass in the Senate as brethren of the same party the book of revelations may be opened at the first page.

If attention is directed from popular tumult to things that actually happened in Washington during the days preceding the election, it is difficult to see just what the voters voted for. Speeches, news releases, Executive decrees and official announcements without end, activities and promises in administration circles

without number, indicated confusion triumphant. This fundamental generalization respecting the state of the New Deal is supported by the reports of changes issued currently by the National Emergency Council in its efforts to keep its *Manual of Emergency Agencies and Facilities* up to the moment. It is confirmed by observers who have first-hand knowledge of offices and establishments in Washington.

It is not beside the mark to say that in October and November, 1934, the Government of the United States had no administrative head. From the White House and Executive establishments orders poured out in an endless torrent. Old offices and new offices were abolished, altered or shifted, and still newer agencies were brought into an uncertain being. Cabinet officers and heads of agencies issued statements, pronouncements and prognostications, often contradictory in nature, and generally displaying a total lack of design or purpose at the top. Moving vans carried books and papers from one place to another in Washington. Minor officials, with important responsibilities, turned on swivel chairs, making plans and discharging functions, without any assurance as to their duties or the continuance of their official lives. And around every corner lurked one of Postmaster General Farley's prospective appointees ready to grab an office as soon as the occupant for the moment managed to get it into a semblance of order.

Underneath the currents of party

politics and main chances, no clear-cut tendencies appeared. Some attention was given to planning for Congressional consideration the future form of NRA; but it was not evident that any responsible official in Washington enjoyed power commensurate with the duty of formulating such a concrete and unified program to lay before the new Congress. From the Department of Agriculture and the AAA rolled a flood of statements about the polling of farmers on the corn and hog program, prices of agricultural products, the distribution of Federal money among producers of crops coming within the benefit provisions of AAA, and similar "practical matters"; but no signs of a positive policy for Congressional review emerged from the chaos. Likewise from the Department of the Interior, the RFC, PWA, FERA and other independent establishments came a stream of "news," but if any process of co-ordination was under way evidences of it were lacking.

News of a \$12,000,000,000 program of public works broke and sank into silence. Fundamental questions remained unanswered. What are to be the relations of AAA and NRA? Over industries of what size and nature is codification to be extended? Are the codification and enforcement of fair practices possible without some checks on competition and price cutting? Is the labor provision, Section 7a, to be enforced, and if so in what form? Is there any reason for believing that "recovery" is to come from either AAA or NRA as previously operated? What is the relation of RFC to these agencies and their functions? Is there any "recovery" in sight, and if not what action lies ahead?

Nothing can give a better indication of the swirl and drift of things

than a few summaries from hundreds of news records:

Richberg decries fear of inflation and declares that American money is sounder than ever.

Senator Elmer Thomas moves ahead with his plan for a central bank of issue.

Peek calls on bankers to help his Export-Import banking operations.

Tugwell predicts controlled international trade.

Harriman of the United States Chamber of Commerce favors less stringent government restrictions and more self-government in industry.

Eastman urges a pooling of box cars, Federal regulation of motor trucking, and unified Federal control over all forms of transportation.

Bankers are fearful of the Federal invasion of the private financing fields.

Farley asks the public to buy HOLC bonds.

Bankers resolve that a balanced budget is imperative as soon as possible.

The American Legion convention votes by an overwhelming majority in favor of an immediate payment of the bonus.

Tugwell is dropped from AAA councils, Wallace says AAA will ease curbs, and AAA plans for flax crop increase.

Wallace declares that continuance of wasteful individualistic land uses in the old style will "destroy our civilization."

The District of Columbia Supreme Court upholds the constitutionality of the Coston-Jones law in the Hawaii sugar suit.

The National Foreign Trade Convention expresses confidence in steps taken by the administration to abolish trade barriers.

President Roosevelt accepts the profit system.

Secretary Ickes, speaking for the President at the opening of the Hetch Hetchy municipal water project in San Francisco, expresses pleasure in the demonstration of good to be accomplished by the co-operation of the Federal Government and a municipality actuated by a desire to "make use of a valuable natural resource for the welfare of the people."

The existence of this confusion and uncertainty in Federal administration was dimly recognized by the President himself in an Executive order, dated Oct. 31, consolidating his Executive Council with the National Emergency Council, with Donald E. Richberg as executive director immediately under the President—"virtually his first assistant as Minister without portfolio." In the new National

Emergency Council were included the President, all Cabinet officers and twenty-two heads of permanent and emergency establishments concerned with fundamental economic matters. The purpose of the new council was declared to be to coordinate the inter-agency problems and activities of Federal agencies, to provide for the "orderly" presentation of business to the President, and to cooperate with Federal agencies in the discharge of duties assigned to them by the President. The Industrial Emergency Committee charged with the function of working out policy for NRA was continued as a subcommittee of the National Emergency Council, but the Executive Council was abolished and its duties given to the Emergency Council.

Although this decree had the appearance of concentrating authority and providing for a unified attack on the confusion and disorder reigning in Washington, it was clear from the composition of the new body and the form of its set-up that it gave little more than the promise of a new shuffling of old records, accounts, papers and swivel chairs.

Among the items of the agenda before the grand national council will be: The future of NRA and AAA, Section 7a, railways and transportation, housing, public works and relief, credits and grants to States and municipalities, the extension of credits to agriculture, banks, shipping concerns, railways and other corporations, mail contracts and subsidies, currency base and control over currency issues, foreign trade policy, government operation in the electric power field, and the efficient use of natural resources. It will have to face three questions: What must be done? What can be done? What should be done? After decisions, if any, will come the problem of execution.

Is there any reason in the history of the past few years for believing that a huge council, representing so many conflicting ideas and interests, can arrive at unanimity of opinion on any of these issues or their interrelations? There is none. Is there any person in that council who possesses a wide grasp of the interrelations of these interests, is able to formulate a program of positive action, and is competent to carry it into effect? Is President Roosevelt watching the swirling currents as did Lincoln in the Summer of 1862 with his mind already fairly well made up, and is he ready to cut the knot of indecision by an assertion of supreme will under the Constitution? Or will elusive "recovery" appear at last around the corner and make a stroke of state unnecessary—for the moment?

What may be expected of this grand national council? Past events can give only a tentative answer. As General Johnson was winding up his career as Administrator, a dispatch from Washington declared that the President had taken leadership and expected to have "the administration's permanent policy for industry" ready for Congress before the NIRA expires in June, 1935. A few days afterward Donald Richberg hinted that the termination of boycotting and price-fixing was being considered by NRA and that more old-fashioned competition might be introduced through a modification of codes. The next day, A. D. Whiteside, member of the NRA board, speaking at the cotton garment convention, declared that less interference with business was the administration's aim.

These suggestions were followed by a "storm of protests" from industrial leaders against the elimination of price-fixing and production-limitation from the codes. Mr. Richberg coun-

tered by an address in Indianapolis "predicting a middle course" for NRA. Confirming this statement, the President expressed a desire to have industry "police itself" and control its own chiselers. On Oct. 22 "a high official" in NRA declared publicly that the "restriction of industrial output has been definitely discarded as a policy in the industrial program." A new feature was added to the picture by the sixth section of the report made public by the Senate Committee on Currency and Banking to the effect that "the cure for our corporate ailments * * * may lie in a national corporation act."

In business circles the same division of counsels was apparent. Leaders in large business enterprises seemed desirous of retaining some features of NRA, with a less strict Federal supervision and with emancipation from the hobbles of collective bargaining. Certainly they did not want a return to the prosecution and persecution conducted by a new crop of "trust busters." Nor did any "trust busters" appear in circles deemed intelligent, unless forsooth Senator Borah should be included in that fraternity. But business leaders displayed awareness that President Roosevelt was under constant fire from labor and agrarian interests and not free to approve a program conceived entirely in terms of their interest. In addition small business enterprises, eager to break into profitable operations by price-slashing, encouraged by Republican politicians, tore at the flanks of great corporate undertakings, threatening once more a war of all against all.

ROOSEVELT AND THE BANKERS

The state of tension and uncertainty which characterized the administration and business in general marked the sessions of the American Bankers'

Convention in Washington in October. (See article by Elliott V. Bell on page 257.) That a majority of bankers were hostile to the New Deal had been revealed by a *Literary Digest* poll. The finding was confirmed by the undertone of their frankest speakers at the convention. They resented the President's insinuation that they had not done their full duty by the government and they wanted assurances from him.

What assurances? The currency must be definitely stabilized on a gold basis, although a return to the Gold Standard Act of 1900 seemed out of the question. There must be a guarantee against inflation by the free coinage of silver or by government issues of paper money. Government expenditures and borrowings must be cut down and something like a balanced budget established, without drastic increases in inheritance and income taxes. Any kind of central bank of issue under government auspices must be resisted to the last ditch. On such terms, speakers for the bankers maintained, "confidence" could be restored and a return to prosperity promoted.

On the side of the administration the situation was handled deftly. Its speakers conceded the desirability of the bankers' program, but asked disconcerting questions. Should the President definitely fix the gold content of the dollar and allow Great Britain to slash into the foreign and domestic commerce of the United States by currency manipulation? Should the President take a positive stand against silver and greenbacks, and risk being overwhelmed by agrarians and inflationists in Congress, or should he maintain the equivocal position which he has long occupied as check and mediator? Should Federal outlays for relief and the stimulation of business be drastically curtailed, the unem-

played allowed to starve, and industries living on government expenditures be permitted to sink into ruin?

In the face of such stark realities, should the President actually "balance the budget" and deprive the government of the instrumentalities of the last resort—silver, greenbacks, and the flexible gold standard? If no one is to starve in America, how can complete and positive assurances be given now? After the bankers' solid front had been shattered by the representatives of the administration, President Roosevelt delivered an address that was a work of art.

In this address, the President made concessions without surrendering sovereignty. He declared that government by the necessity of things must be the leader, must be the judge of the conflicting interests of all groups in the community, including bankers. He listed the interests which should form an alliance for recovery: Business and banking, agriculture and industry, and labor and capital. Then he proceeded to concessions and reservations. The activities of government agencies in the banking field will be curtailed—in the proportion that the slack is taken up by private agencies. Expenditures for relief will be reduced—with the revival of business. There is a growing appreciation among other nations of the desirability of steadiness in prices and values—the President has been glad to take note of the fact.

The profit system is generally accepted in the United States—in his spoken address the President emphasized strongly the word "accept," to the deep satisfaction of the audience. He defined the term as "the theory that wealth should come as the reward of hard labor of hand and mind," thus adding a new definition to the three or four hundred supplied by as

many economists, living and dead. The bankers cheered "for several minutes, until the President had left the stage." They extracted from the speech all the hope and confidence warranted by the circumstances, but leaders among them and administration officials, as well as outside observers, must have recognized that they were all in the grip of a somewhat merciless fate—a fate hidden in the unpredictable movements of history yet to be made.

AMERICAN LABOR PROBLEMS

In October also the American Federation of Labor concluded the sessions of its annual convention in San Francisco. In the main, its decisions followed the orthodoxy of American trade unionism established by Samuel Gompers—short hours, high wages and collective bargaining within the framework of capitalist economy. That capitalist economy was in a bad way and could not provide employment for millions at any wages did not seem to disturb the thinking of the leaders or delegates. By unanimous vote the convention declared itself in favor of a universal six-hour day and thirty-hour week, without reduction in pay. In an address delivered outside the convention hall John L. Lewis insisted that NRA provided a middle way between fascism and communism and offered a remedy for the worst evils of cut-throat competition, but its labor provisions must be carried into effect, assuring the "full organization on the part of free labor with the right to enter into collective agreements with employers."

Despite the speeches and resolutions flavored with union orthodoxy, the federation convention took certain steps away from historic craft unionism in the direction of organizing workers in great industries into "vertical unions." Experience had taught

even the stoutest of the old-line unionists the impossibility of forming pure craft unions in mass-production industries; and the presence of delegates from unions in such industries—rubber, automobile, radio, cement and electrical manufacturing—made an avoidance of the issue out of the question. So the convention, by unanimous vote, authorized the governing council of the federation to grant charters to unions in the automobile, cement and aluminum industries. It also instructed the council to issue charters in other industries of that class at its discretion and to inaugurate a vigorous campaign to organize labor in the iron and steel industry.

Determined to have "new blood and new ideas" in the government of the federation, the convention voted to enlarge the executive council, or board of strategy, by adding new members direct from active unions, thus reducing the weight of the "self-perpetuating oligarchy," as it was called. This action brings new men into the council and permits the organization of additional departments within the council for a more vigorous execution of policies. Francis J. Gorman, who had led the textile strike in September, declared that under the new dispensation it would be possible to organize 3,000,000 workers in the apparel trade alone if unions in that field stood together.

If this pointed in the direction of industrial unionism and away from action through agencies of government, the convention was not prepared to abandon politics entirely for syndicalism. On the contrary, it voted down a resolution to withdraw all union officials from posts in the NRA where labor policies were inevitably involved in efforts to organize and codify the laws and customs of great industries and business enterprises.

Furthermore, the convention listened sympathetically to an address by the president of the International Federation of Trade Unions, to which American labor had long been indifferent or hostile. The reason for the change was evident. In the Fascist dictatorships of Europe "free trade unions" had been completely smashed and all workers subjected to the absolute and uncompromising oligarchy of government.

Evidently, then, American trade unionism is in transition. It has recognized limitations on the rôle of "the gentlemen's crafts." It has accepted the necessity for vertical unions in mass-production industries. It has agreed that union leaders must assume some responsibilities in the collective organization of business enterprises under government supervision. It has approved a program of social legislation, including old-age pensions and unemployment insurance. And it has indicated an awareness of the difficult position of labor in a country where the proportion of strictly industrial workers is declining, owing to the growth of labor-saving inventions and the severe rationalization of industrial plants. While it is conscious of the political power of labor under the American electoral system, in which compact minorities can swing one way or another, it shrinks from anything savoring of "proletarian dictatorship" and the assumption of large responsibilities for keeping industry running at a high tempo. Some lessons of fascism have not been lost upon the directors of the American Federation of Labor.

After the adjournment of the federation's convention, however, a number of events conspired to drive organized labor toward action on its own account. Among these events were the resignation of Lloyd K. Garrison as head of the National Labor

Board, the failure of the Department of Justice to present the board's decision in the Houde case (see October CURRENT HISTORY, page 79) to the Federal courts, clear indications that President Roosevelt's administration did not intend to proceed to the elaboration and enforcement of the collective bargaining principles of Section 7a, and growing doubts respecting the willingness of the courts to sustain decisions of the National Labor Relations Board. A press dispatch from Washington, dated Oct. 31, declared that "organized labor is well on the road to deciding that it will pay less attention to the various labor boards and more to legislation and economic action; that is, strikes."

In the sphere of labor action, President Roosevelt sought to bring about a truce between capital and labor and secured many favorable replies by official spokesmen, without having any noteworthy visible results. His decision to leave the enforcement of NRA rulings to the Department of Justice and the Federal Trade Commission provided no settlement of the prevailing uncertainty in labor circles. By Executive order the President set up the new labor and work assignment boards in the textile industry as steps in carrying out the recommendations of the Winant committee in connection with the textile strike of September. Within ten days leaders of the Textile Workers Union charged employers with many violations of the apparent truce and declared that a new strike was on the horizon.

The award of the National Longshoremen's Board, bearing on the San Francisco strike of August and the subsequent truce, was made public on Oct. 12. It sanctioned a thirty-hour week, a wage increase, joint control of hiring halls and the adoption of

a plan to eliminate favoritism among employees. In essence it conceded all the principal demands of labor, over which the desperate conflict was waged. On Nov. 2 President Roosevelt extended the Automobile Code to Feb. 1 and ordered a job inquiry with a view to better stabilization of employment in the industry.

THE BUSINESS OUTLOOK

When our inquiry is turned from election returns, speeches, promises and shifts of administrative machinery to the movement of economic forces during the brief season under review, certain tendencies are found in sharp outline. Business, as measured by standard indices, staggered along at about the same level as during the Summer and Autumn. No sign of any deep cut in the burden of public relief was revealed in the figures released by FERA. In October the RFC announced that it had made commitments and authorizations in the recovery program exceeding \$8,000,000,000. A few days later the FCA stated that \$1,217,000,000 had been lent to farmers for financing their debts and current operations. No figures were available from the HOLC, but judging by the campaign pushed by construction and supply interests, the government was rapidly gathering obligations directly through its partial insurance of home loans. Meanwhile work was being so pushed in the Tennessee Valley, at Bonneville and at Grand Coulee that repercussions were felt as the conflict with private and local interests unfolded. If, as President Roosevelt said in his address to the bankers, the government is to curtail its activities as private enterprise takes up the slack, it must be said from the record of facts and figures that there was no evidence of curtailment in sight.

Canadian Cabinet Ousts Minister

By J. BARTLET BREBNER
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THE resignation from the Canadian Cabinet of H. H. Stevens, Minister of Trade and Commerce, was accepted by Prime Minister Bennett on Oct. 27. Thus was terminated what Mr. Stevens described as his "intolerable" position of not enjoying full Cabinet support in his campaign against big business. Mr. Stevens ceased to be chairman but remained a member of the Royal Commission created to carry on the investigations which he guided at the head of a Parliamentary committee last Spring.

The exchange of bitterly outspoken letters between Mr. Bennett and Mr. Stevens seemed to confirm the report that the former, after long efforts to reconcile factions in his government, had allowed others in the Cabinet to tell Mr. Stevens what they thought of him. Both practically accused each other publicly of deliberate falsehood.

Most observers agreed that to force Mr. Stevens out was bad political strategy. By tolerating his activities for months and by using them for electoral purposes, the Conservative party identified itself with them. Meanwhile, Liberal moderation, coupled with sweeping electoral successes, had won the support of the business interests whom Mr. Stevens affronted by his candid assaults on their methods. It was too late to win them back. Moreover, the public acclaim for revelation of business abuses was bestowed on Mr. Stevens; to oust him meant to lose popular support.

It was generally assumed that Mr. Stevens's impulsiveness had created an opportunity for one faction in the Cabinet to force Mr. Bennett's hand by demanding that he establish the unity without which Cabinet government is impossible. Mr. Stevens's future career and particularly the exchange of explanations with Mr. Bennett on the floor of the House were eagerly awaited in Canada. Meanwhile the Royal Commission, with Mr. Stevens still its dominant member, has begun to investigate the lamentable condition of the fisheries in the Maritime Provinces.

CANADIAN FOREIGN POLICY

Recent events have clearly indicated that Canada is being confronted with what is to her the embarrassing necessity of framing foreign policies. Like the United States, Canada has yearned unsuccessfully for isolation and avoidance of foreign commitments, but her rapid rise to nationhood during the decade after 1910 repeatedly forced her to face international responsibilities. Unlike the United States, however, Canadian governments, whether Liberal or Conservative, have seldom found it necessary to take the people or Parliament into their confidence on foreign policy. In 1921, when the Canadian Prime Minister, Arthur Meighen, successfully opposed the intention of the British Cabinet and the other Dominion Premiers to renew the Anglo-Japanese alliance, he had neither asked for nor received popular approval.

The present tour of the Dominions by Sir Maurice Hankey, secretary of the Committee of Imperial Defense in London, has drawn attention to Canada's obligations in the plans of that body. Canadians have known that their regular and militia regiments are trained and equipped in identically the same way as the British military forces, and they assume there are various other forms of imperial co-operation. More explicit information as to the extent of this imperial integration has recently become public, including the somewhat unexpected fact that a Canadian air liaison officer is resident in London. When it was reported in mid-October that the Committee of Imperial Defense had submitted a comprehensive new plan to the Dominions, Canadian apprehensions and curiosity noticeably revived.

The insistent problem, to which Canadians cannot close their eyes, has been the rise of Japan. Canada's stand against the Anglo-Japanese alliance in 1921 was successful because it promised an improvement in Anglo-American relations. Since then the United States and Great Britain have been notoriously unable to reach an understanding upon their attitudes toward Japanese expansion, a circumstance which has intermittently embarrassed Canada, standing as she does between them. The Canadian Government, in the Spring of 1933, was placed in an awkward position with Parliament and the people because it had not forewarned them as to its reasons for supporting Sir John Simon at Geneva in his unsuccessful attempt to prevent Japan from leaving the League. The naval conversations in London have aroused Canadian curiosity as to whether Great Britain and the United States can agree or, if not, how Canada will be affected by their differences. Nor can Canada

refuse to overlook the recent pronounced friendliness of Australia toward Japan.

ON THE ECONOMIC FRONT

The Canadian Government on Nov. 1 acted decisively to help its wheat producers. The Winnipeg Grain Exchange at Ottawa's request pegged wheat figures at 75 cents a bushel for Decembers and 80 cents for Mays, the closing quotations of Oct. 31. An immediate rise in Winnipeg prices and a hurried readjustment upward of prices in other markets seemed to justify the action. Further confirmation was found when the Broomhall estimate of Oct. 31 calculated the world's necessary wheat imports for 1934-1935 at 576,000,000 bushels, half of which was expected to come from Canada. In that light prices in Winnipeg were seen to have fallen too low.

In the course of market operations to smooth out price movements the government acquired large holdings. When speculation and conditions in the world market brought about a fall in wheat prices the government managed to check what might have been a panic by announcing on Oct. 3 that it would not sell its holdings until actual consumers wanted them. The price steadied at once and held during October.

The decision to peg prices, however, was a serious one, for if the price chosen was far out of line speculators could take advantage of government support. The Exchange resented the accusations that it had been "raided" by foreign speculators, and vigorously defended itself. Western farmers, on the other hand, seeing a chance to weaken or short-circuit the Exchange, clamored for government control of marketing. Canadian millers and processors of wheat, like the buyers at Liverpool, naturally claimed that the price should be allowed to find its

own level. Artificial support by government, they said, was what had given Argentina its chance. The Canadian price was too high.

At the same time that minimum prices were established it was announced that the government would continue to intervene when necessary to avoid violent price fluctuations. The price rise and the resumption of exports which followed during the early days of November seemed to indicate that the estimate of a minimum competitive world price was nearly right. It was also reported that Argentina was considering similar action, a step which would still more seriously limit speculative possibilities.

A somewhat comparable situation developed among the paper manufacturers during October. Overexpansion of the Canadian paper industry in the decade before 1929 led to a fall of prices and numerous bankruptcies. During the last eighteen months, however, demand and production have increased enormously, and a pooling arrangement has saved some of the weaker mills. Plans to raise the 1935 price sufficiently to allow some profits to the average mill were upset when it became known that one paper company which enjoyed low-production costs had renewed its 1935 contracts at the 1934 rate. Immediately Prime Minister Taschereau of Quebec announced that "government cannot tolerate such complete disregard of the public interests," and threatened to raise the Provincial stumpage rate to prevent the recalcitrant mill from making a profit at the price it had set. He even suggested that if the paper industry would not regulate itself for the public interest the Federal Government would. The Prime Minister of Ontario promptly supported him.

At the beginning of October the Dominion offered a domestic conversion loan of \$250,000,000 to yield between 2 and 3.81 per cent, the cheapest rates in Canadian history. This huge loan, oversubscribed by \$33,000,000, will save annually \$4,650,000 in interest, making total savings of \$14,615,000 from recent Canadian conversion operations. This success was followed by reduction in saving bank interest and in other private interest rates. Canada, however, is suffering like the United States from a glut of idle money for which the banks cannot find acceptable borrowers.

The regulation of exports and domestic consumption established by the Marketing Act of 1934 has begun. Apples, pears and shingles were the first products for which marketing schemes were approved; the egg and poultry industry of the Prairie Provinces secured approval on Oct. 17; plans for cattle and tobacco have been before the board, and the newsprint crisis has made it probable that that industry will pass under Federal regulation. The recent trade agreement between the United States and Cuba has closed an important market for Canadian potatoes, so that plans for marketing that commodity have been considered. Regulation of business practices is also in progress; codes have been set up in British Columbia and Alberta, while Manitoba, Ontario and Quebec are now discussing the subject.

In general, economic improvement had resumed its advance, although at a slow rate and with some contradictions. Foreign trade in September, for instance, showed exports less than 1 per cent and imports about 9 per cent above September, 1933. The tendency to import less from the United Kingdom and more from the United States continues.

Mexico's War on the Church

By CHARLES W. HACKETT

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REVOLUTIONARY Mexico's bitter feud with the Catholic Church entered a new stage in October with the adoption by the Mexican Congress of compulsory socialistic education in all schools as part of the program of the dominant National Revolutionary party to effect the "ultimate socialization" of the form of government. That program was outlined in the "Six-Year Plan" adopted by the party at its national convention at Querétaro in 1933.

Compulsory socialistic education is embodied in an amendment to Article III of the 1917 Constitution. That article now includes the following provisions: (1) Education shall be provided by the State; (2) it shall be socialistic and divorced from all religious doctrines, and shall combat fanaticism and prejudice in such a way that school activities will create in Mexican youth a rational concept of the world and social life; (3) only Federal, State and municipal authorities shall have the right to impart primary, secondary or normal school education, but if, for special reasons, private institutions are allowed to instruct children they must conform to the precepts already outlined and must be conducted by persons whom the government regards as having sufficient professional preparation; (4) religious groups or ministers will be forbidden to interfere directly or indirectly with primary, secondary or normal school education; (5) the formulation of educational programs shall be entirely under State control;

(6) no private school may function without State authority; (7) primary education for children shall be obligatory and freely provided by the State.

Debate on the proposed amendment began on Oct. 2. The most militant opposition was brought to bear against the program of the National Revolutionary party that it has yet experienced. Even within Congress itself, which is composed almost entirely of members of the party, there was no unanimity of opinion. There was, indeed, no opposition to adopting socialistic education but strong differences of opinion appeared over the question whether it should be extended to all or to only some of the grades. The more "conservative" Deputies were in favor of exempting the National University and other institutions of higher education from the provisions of the amendment.

Outside Congress the most determined opposition came from Catholic organizations and from student bodies. One organization that took a leading part against the change was the National Parents Union, which government groups characterize as "Catholic," but which its members claim is nonpartisan. Declaring that the proposed reform is a final step toward "national socialism," the union urged parents to prepare for a permanent strike of students if an effort should be made to enforce socialistic education. It justified itself on the grounds that the National Revolutionary party "is trying to deliver a death blow to moral education and

the consciences of our children; is trying to deal a death blow to the family; and is trying to deal a death blow to private property." The union called upon the conscientious parent "to lose even his life to save the intellectual, moral and social integrity of his children."

After a week of debate the Chamber of Deputies voted unanimously on Oct. 10 to alter the Constitution as proposed except in the case of universities and also defeated a suggestion to substitute "Marxian" for "socialistic" education. The Senate did not approve the measure until Oct. 20. Despite increasingly militant student and Catholic opposition, the government announced on Oct. 12 that it would institute the new education in all secondary schools in the country and would continue in its anti-church attitude.

Student and Catholic opposition immediately began to take on an aggressive form throughout the country. In Puebla, where the government confiscated St. Theresa's Catholic School, students joined with several thousand Catholics in a two-day battle with police in which three persons were killed and many wounded. In Monterrey, the authorities closed the University of Nuevo León on Oct. 11 after a series of clashes had occurred between students and police in which several persons were injured. A meeting of students demonstrating in Zacatecas for "liberty of curriculum" was broken up by Federal forces and police and the leaders were expelled from the State. Also at Zacatecas university undergraduates stoned the offices of the government newspaper *El Nacional* on two successive days and a 48-hour strike of students was partially successful. In Mexico City a body of demonstrators, mainly women, paraded on the principal avenues

on Oct. 12 in protest against the new education. They were joined by a group of sympathizing university students who stoned the police. The demonstration was broken up by the police, who used tear-gas bombs and fire hoses.

President Rodríguez issued a warning on Oct. 18 that energetic measures would be taken by the police if there were any further opposition. Asserting that reasonable tolerance was now a thing of the past, President Rodríguez warned fanatical elements that if they continued their policy of disorderly protests, behind which, he said, was unquestionably a subversive movement, the police would take all steps that they might consider necessary. The same day police used sabers in suppressing disorders at primary schools in Mexico City. The Students Council of the National Autonomous University voted on Oct. 18 to suspend all classes pending a statement of the government's attitude toward the university. The council denied that the students were agitators, and declared that the university would not lend its support to either side in a political dispute. Also on Oct. 18 the authorities of the Universities of Saltillo and Guadalajara closed those institutions because of student protests. On Oct. 23 students in the National University and the National Preparatory School voted to strike for an indefinite period.

After the middle of October the government's activity against opponents of the new system of education was directed chiefly against Catholics. As a step "toward solving the Catholic question permanently," the Chamber of Deputies voted on Oct. 19 to request President Rodríguez to expel all Catholic Bishops and Archbishops from Mexico. President Rodríguez reiterated at the end of October the

charge that the Catholic clergy were attempting to overthrow the Mexican Government by force and instructed Attorney General Portes Gil to investigate and to "act with all energy" to prosecute any one found so involved.

Meanwhile drastic repressive measures had been taken by national and State authorities against the church. The closing on Oct. 22 of two Catholic churches in Colima, capital of the State of that name, brought to four the number of States in the republic that were altogether without churches, the others being Tabasco, Chiapas and Sonora. The State of Guerrero on Oct. 23 ordered Bishop Escudero of that State and all Catholic priests to leave within seventy-two hours under penalty of "energetic action." Dispatches of the same day reported that police in Chihuahua City had taken possession of a Catholic seminary and had ousted two priest-instructors and twenty-two students; also that the Zacatecas State Legislature had voted to change the names of all towns, streets and stations in the State named after Catholic saints. On Oct. 25 the authorities of the State of Chihuahua canceled permission to all Catholic priests to perform their office there.

A demonstration in support of the government's religious and educational policies was held in Mexico City on Oct. 28, when a crowd, estimated to number 200,000, paraded through the principal streets and in front of the National Palace, where President Rodríguez and his Cabinet reviewed the marchers. The parade, said to be the largest ever held in Mexico City, was headed by groups of Senators and Deputies, a large percentage of government employes, many of whom were women, and laborers. The marchers carried numerous banners with inscriptions such as "Death to the Catholics"; "Socialist education

means freedom from Catholic oppression"; "We seek the return of all priests * * * to the Vatican."

The Mexican Supreme Court on Oct. 30 handed down a decision that all privately owned buildings in which Catholic ceremonies of any kind are held shall automatically become the property of the nation. The decision was in accordance with the constitutional provision that nationalizes all churches.

As the month of October closed the anti-clerical campaigns of both Federal and State Governments were making increased headway. Attorney General Portes Gil was studying documents handed to him by President Rodríguez. These, the President said, showed the purpose of Catholic clergymen to rebel against the government's new restrictive measures.

United States Ambassador Josephus Daniels became involved in the Mexican educational controversy in such a way that Catholics in the United States have demanded that he be recalled. In a speech delivered at the American Embassy to a group of educators on July 26, Mr. Daniels, after expressing his confidence in State education maintained by general taxation, used a quotation from an address by former President Calles, which was interpreted in some quarters as an endorsement of the Mexican Government's program for removing religious training from the schools and as possibly implying that this had the moral support of the United States Government.

General Calles, in the speech quoted by Mr. Daniels, had demanded that Mexico "rescue" her youth from the "claws of the clericals," whom he denounced along with conservatives as "the enemy." "We must now enter and take possession of the consciences of the children," he said, "of the con-

sciences of the young, because they do belong and should belong to the revolution."

Mr. Daniels did not mention this part of General Calles' speech, but Catholics argued that in quoting any part of the speech he gave moral support to the Mexican program of anti-religious education; accordingly, protests in the form of resolutions and communications to the Department of State from Catholic organizations in the United States grew in volume, especially after the Mexican Congress began to debate the amending of Article III of the Constitution.

These protests against Mr. Daniels's address finally reached such proportions that on Oct. 17 Acting Secretary of State Phillips telephoned to the Ambassador, who stated that he had no idea that his remarks of last Summer could be interpreted as having any relation to controversial matters in Mexico. "I truly believe," Mr. Daniels said, "that the future of Mexico depends upon an educated population. The hope is universal education, and in no country has this been provided except by general taxation."

CUBA'S TROUBLES PERSIST

Cuban constitutional guarantees were once more suspended by Presidential decree for thirty days in the Provinces of Havana and Oriente at the beginning of October. The decree stated that the government had found this measure necessary as a result of the attitude of various radical elements which were attempting to provoke public disorders in those Provinces.

Labor disturbances early in the month culminated on Oct. 8 in a gen-

eral strike, sponsored by the National Federation of Labor. In the accompanying violence rifle and machine-gun bullets sprayed Havana streets, killing one person and wounding fifteen others. An early check-up revealed that the following workers were on strike, either wholly or in part: Railroad employes, truck drivers, tram maintenance men, dock workers, bus men, sugar-mill employes and Left Wing students. As a result of the strike only twenty-five street cars ran in the capital on Oct. 8. Half the newspapers did not publish, and soldiers operated buses and some street cars. Outside Havana the strike was less effective.

The strike lasted only one day. After some unions, including those of public service employes, had refused to join the movement, the Federation of Labor ordered its members back to work late on the evening of Oct. 8.

The property of the American-owned Cuban Telephone Company, which had been under government supervision since Aug. 8, was returned by the Cuban Government on Oct. 1. At the same time an old labor conflict was settled by reinstatement of 207 workers who had taken part in a strike. Forty-nine strikers accused of terrorism were permanently dismissed from the company's employ by the terms of the settlement.

The Cuban Government on Oct. 29 fell completely into the hands of the Nationalist party as a result of the reorganization of the Cabinet by President Carlos Mendieta, who heads that party. The change was interpreted as a move to eliminate internal dissension until the national elections on Dec. 30.

The League and the Chaco

By HENRY GRATTAN DOYLE

Dean of Columbian College, George Washington University

PEACE still eludes the Chaco, though as usual there have been signs that a settlement may not be far off. The most recent cause for hope lay in Paraguay's appointing a delegate, Dr. Ramón Caballero y Bedoya, who would "place himself at the disposal" of the League's Conciliation Commission, which was to meet on Nov. 20. Since Paraguay, insisting that basic questions could not be discussed until hostilities had ceased, earlier refused to cooperate with the League's commission, the appointment seemed to indicate that at last she had become willing to discuss fundamental problems. But six years of diplomatic disappointments in the Chaco should prevent too optimistic a view of this latest development.

Paraguay, however, could well afford to make concessions. Previously she maintained that she would negotiate only after cessation of hostilities and "effective guarantees" for the maintenance of the *status quo* during negotiations. These "guarantees" formerly included withdrawal of Bolivian forces beyond the limits of the disputed territory, a point now rendered invalid because the Paraguayans have for all practical purposes expelled the Bolivians from most of this region.

Among other guarantees formerly included in Paraguayan demands were demobilization of the armies, reduction of military effectives, limitation of arms purchases and a system of policing by each country of

the occupied territory. A special pact of non-aggression was also asked. This position was set forth in a note to the League Conciliation Commission as recently as the first week of October. But on Oct. 15 Bolivia rejected the proposal, stipulating "international policing" of the "whole territory subject to arbitration," conciliation or arbitration based on "special agreements" and guarantees of security in most respects not unlike those sought by Paraguay.

After receipt of these two communications the Committee of Twenty-two convoked the special session of the League Assembly for Nov. 20 to "take action under Article XV, Paragraph 4" of the covenant. The League has hesitated to act under this article (involving the employment of "sanctions"), the only previous suggestion of its employment having occurred during the acute phase of the Manchurian question. Conciliation would, of course, render unnecessary any recourse to the sanctions contemplated by Article XV.

If the reported recession of Paraguay is true, the greatest remaining obstacle to effective efforts for peaceful settlement of the embroglio lies in the rather innocent-looking words "the whole territory subject to arbitration" and "arbitration based on special agreements." Bolivia's references to the "whole territory subject to arbitration" and "special agreements" (which doubtless means agree-

ments defining in advance the "arbitrary zone") looks like a reaffirmation of her position maintained with stubbornness equal to that of Paraguay respecting suspension of hostilities. If it involves an effort to reopen the question of the territory awarded to Paraguay under the Hayes Award of 1876, hope of further progress at this time seems futile. If the former Bolivian stand is maintained, Paraguay's reported concession will have been in vain.

During the meeting of the Chaco Committee on Oct. 15, Delegate Alberto Guani of Uruguay repeated a suggestion made two weeks before that the League should follow a policy of hands off in the Chaco problem. He called attention to Article XXI of the League covenant, which recognizes the validity of the Monroe Doctrine, as a basis for leaving settlement of the dispute to the American States. His suggestion brought protests from other Latin-American delegates, especially Francisco Castillo Nájera of Mexico and Manuel Rivas Vicuña of Chile, who called the suggestion "unfortunate" and declared that most of the Latin-American nations had never recognized the validity of the Monroe Doctrine, which, they said, was purely a unilateral document. In view of the work of the League in settling the Leticia dispute, the consistent support of its efforts by the United States and the acceptance of its cooperation by the ABC nations and other American States, Señor Guani's point does not seem to be well taken; and it was in fact disregarded by the committee.

The beginning of the rainy season, which renders impassable much of the Chaco and practically precludes major military operations, found Paraguay on Nov. 1 in possession of practically all the disputed territory over which

active warfare has been raging since June 15, 1932. Paraguay claims to have won about 20,000 square miles of territory, her advance having reached the sixty-second meridian on the west and the twentieth parallel on the north. The severest fighting occurred between March and July, 1934, centring about Ballivián, the Bolivian Verdun on the Pilcomayo River, where a magnificent Paraguayan attack met an equally magnificent defense.

Operations in October included the capture by Paraguay of Fort Ingavi, in the northern Chaco. Ingavi had been the headquarters since March of General Lanza's Third Bolivian Army Corps, the force organized to threaten Paraguayan ports on the Upper Paraguay River. Capture of Fort Picuiba on Aug. 15, followed by the capture of Fort 27th of November, the Third Army's supply base, and the accompanying cutting of communications with Villa Montes, the Bolivian general headquarters, rendered General Lanza's position precarious. On Oct. 7 Paraguay announced that Ingavi had been captured and that General Lanza had retreated northward to Roboré.

POLITICS IN ECUADOR

Although the Ecuadorean Congress on Oct. 4 declined to accept President Velasco Ibarra's resignation, the friction between him and Congress has apparently not ended. Attacks on his administration, which during his first month of office were concentrated on the Ministry of Finance, led to the resignation of the Finance Minister and the transfer of the Minister of Education, Antonio Parra, to that post. The next phase of the attack concerned foreign affairs. According to news reports, the "chaotic" state of border questions between Ecuador and Peru—one of the few

unsolved boundary problems in South America is the Oriente dispute affecting these countries—was the spearhead of the offensive conducted by opposition elements in Congress.

The Minister of Foreign Relations, Manuel Sotomayor, appeared before Congress in executive session to answer questions concerning the conduct of his office and the foreign policies of the administration. It was reported that the opposition groups intended to propose a vote of no confidence in the Foreign Minister. Criticism chiefly centred upon the President's pre-inauguration tour of South America capitals. It was alleged that the President's visit to Peru had changed the attitude of the Peruvian President, who had been reported in favor of a settlement.

The possibility that the President may be compelled to assume a dictatorship or relinquish office does not seem wholly remote. As an apparently sincere Liberal, the President is averse to the latter course; yet, in spite of the fact that he was a leader in the Congressional moves which finally ousted his predecessor, Martínez Mera, he must realize that government becomes impossible under a system which makes it incumbent on a constitutionally elected President to submit his resignation whenever his program encounters an adverse vote in Congress. There have been rumors that a way out might be sought in revision of the Constitution. Yet this would be unlikely without a revolution or a dictatorship.

DISTURBANCES IN BRAZIL

Dispatches from Brazil on Nov. 6 reported that revolt had broken out at Corumba and Cuyaba, in the State of Matto Grosso, under the leadership of two army officers. On the same

day police in Rio arrested a number of Communists. A month earlier Communists fired from housetops at a parade in Sao Paulo of Integralistas, the Brazilian Fascist organization, in which about 10,000 of its members from all parts of Brazil were participating. Eight were killed and thirty-six wounded by the fusillade.

The Integralistas claim a membership of 30,000 to 80,000, but are estimated to have more nearly the smaller number. They wear olive-drab shirts, and use as their symbol the Greek letter Sigma; their motto is "God, Country and Family." Arrests of alleged Communists following the outbreak led to strikes, further arrests and preparations for the deportation of agitators.

In contrast with these disorders, the national election on Oct. 14 was held under unusually peaceful conditions. Nearly 2,700,000 voters were registered for the elections, as against 500,000 or less under the old régime. The new Constitution promulgated on July 16 enfranchised all Brazilians, men and women, 18 years of age or over, provided they can read and write.

PERUVIAN AFFAIRS

The Peruvian Congress on Nov. 3 after two weeks of secret discussion formally approved the treaty negotiated at Rio de Janeiro for the settlement of the conflict between Peru and Colombia, which arose out of the seizure of Leticia by Peruvian civilians on Sept. 1, 1932.

It was announced on Nov. 1 that the Peruvian general elections set for Nov. 11 had been postponed to permit the electoral commission to purge the lists of those illegally registered. This was the fifth postponement of these elections, which were scheduled originally for the first Sunday in June.

Britain's Confident Mood

By RALPH THOMPSON

AFTER three months' vacation the British Parliament reassembled on Oct. 30 for the few weeks remaining to the session. Ramsay MacDonald was back from a rest in Canada and Newfoundland, bronzed, apparently in good spirits, and full of praise for National government policy. Neville Chamberlain had been at pains in a speech on Oct. 2 to convince London bankers and merchants that prospects were "definitely encouraging." Stanley Baldwin had comforted the Conservative party conference at Bristol with words of praise and assurance. At Glasgow University Walter Elliot had braved a storm of tomatoes and eggs (and, as one report had it, "a chorus of animal noises") to declare the National government the guardian of Britain's ancient liberties.

It was in an atmosphere thus permeated with official satisfaction that Parliament began work. First in importance on the program for the remainder of the old session and for the new (scheduled to open on Nov. 20) was no doubt the legislation to determine, according to the recommendations of the India Joint Select Committee, the future of British India. On Oct. 4 the Conservatives in conference at Bristol had by a scant majority—543 votes to 520—rejected a resolution condemning relaxation of British control. Parliament, it was felt, would, when the issue came up for debate, be less hostile to whatever changes were proposed.

Also on the legislative calendar were the held-over Betting and Lot-

teries bill, the Incitement to Disaffection bill, and the Electricity Supply bill. Preliminary reports indicated that Labor would press for a munitions inquiry like that held in Washington during September, and that the government would introduce a new housing measure as well as bills affecting public relief, national health insurance, the merchant marine and the livestock industry.

Despite the cheerful remarks of prominent Cabinet Ministers, the National government had no easy job on its hands. Liberal party objections to its conduct of affairs had been bluntly stated before the Manchester Reform Club on Oct. 4, when Sir Herbert Samuel denounced a tariff policy "for the sake of tariffs," the "inactive complacency" toward a condition in which one-tenth of the population was unable to support itself, Britain's failure in matters of foreign affairs ("not one undertaking within the past three years has been carried to success") and the timidity in handling such matters as the Sedition bill, the Tithe bill and electoral reform.

If Sir Oswald Mosley and his British Fascists have become less troublesome to the government—and have begun to fight among themselves, as shown by the creation late in October of an anti-Mosley Fascist faction in Gloucestershire—Labor has offered an increasing challenge. In parliamentary by-elections held since 1931 Labor has gained only seven seats, but in municipal elections so-called toryism has suffered serious set-

backs. Following the trend which in March put the Opposition in control of the London County Council, the voting for borough councilors during the first week in November gave Labor a majority in fifteen of the twenty-eight London boroughs, where before it controlled only four. In rural England and Wales and in Scotland a similar shift of allegiance was evident. Clearly the approaching parliamentary elections, be they held in 1935 or in 1936, will not be easy for the present government.

If elections were to be held today, to what could the National government point with pride? What are conditions in British finance and trade, among the unemployed and underprivileged? Recent official figures furnish the evidence.

Bank of England gold holdings at the end of October were the largest in history, and the proportion of reserve to liability was 48.50 per cent— $1\frac{1}{4}$ per cent below that a year ago. Securities of the government at about the same time reached levels attained previously only in the Eighteen Nineties. Industrial profits for the third quarter of 1934 exceeded those for the corresponding period of 1933 by an average of 27 per cent, hotels and restaurants, iron, coal and steel companies, and certain motor concerns reporting more than doubled net profits. September foreign trade figures were the most satisfactory of the year. Imports during the first nine months of 1934 were approximately \$250,000,000 greater than those for the corresponding period of 1933, while exports rose by about \$115,000,000.

Later figures than those available to Professor Hewes (whose article, "Britain's Care of the Jobless," is printed on pages 284-290 of this magazine) show that on Sept. 24 Great Britain had a total of 2,081,987

unemployed persons registered with employment exchanges, 254,740 fewer than a year before. Of this number 47 per cent were applying for insurance benefit and 38 per cent for transitional payments. The remaining 15 per cent were uninsured and for various reasons not entitled to transitional payments.

Poor Law statistics show that on June 30 persons totally destitute and receiving relief numbered 1,325,307, about 235,000 more than a year ago. Critics of the government claim that the increase is the natural reflection of the decline in unemployment figures, but on Oct. 17 this was denied by the Parliamentary Secretary to the Ministry of Health. The great majority of Poor Law beneficiaries in England and Wales, he said, are not potentially employable, and of those that are, only 10,000 are not included in the official number of unemployed.

SHAPING A NEW IRELAND

General O'Duffy's sudden departure late in September from the high councils of the United Ireland party caused no dangerous political vacuum. The space he occupied was quickly but gently filled by Blue Shirts less violent than he and by relatively placid followers of Mr. Cosgrave. From within and from without the opposition to Mr. de Valera became less difficult to handle than it had been before. General O'Duffy seems to have gained by his move nothing except political oblivion.

Constitutional methods are now supported by the United Ireland party almost without division; Mr. Cosgrave's earnest caution has replaced the O'Duffy hotheadedness, and the belligerence which once threatened all Ireland has subsided into more or less polite political disagreement. The League of Youth has for the time being, at least, abandoned extremist

tactics. On Oct. 19 Patrick Belton, chief remaining champion of O'Duffyism, was read out of the United Ireland ranks. Earlier in the month the government, which had but recently considered outlawing all Blue Shirts, granted free pardons to nine convicted by a military tribunal, restoring even military pensions to four, including the new director general of the League of Youth, Commandant Edward J. Cronin.

But O'Duffyism had gained a following by positive action. The Cosgravites therefore announced that they too—by constitutional means—would aid the farmers striking against "unjust" taxation. Mr. Cosgrave labeled the Land Commission's power to seize defaulting farmers' stock without court proceedings a gross violation of constitutional rights, and promised to fight in every legal way such high-handedness on the part of the government.

Mr. de Valera, however, refused to discuss the question with a United Ireland delegation, on the ground that it had already been fully debated in the Dail. In any case, the Opposition could not hope to gain many votes by supporting the strikers. The sympathies of the rank and file of the Free State electorate are not with the rebels; most people regard them as capitalists unwilling to meet their obligations. De Valera has championed the poor against the well-to-do and the rich with telling effect. The Left Wing of the Fianna Fail may drive him to even more equalitarian policies.

Far from relenting, de Valera has intensified his drive against trade with Great Britain and against those farmers who claim that without it they cannot pay land annuities. Nor has the sturdy and often violent resistance encountered by the govern-

ment since Spring abated. During October more than 100 farmers were arrested and taken to Dublin for trial. Sentences already meted out range from three months' to three years' imprisonment.

The government's policies are no doubt intended to be non-discriminatory, but in effect they have worked real hardships upon well-to-do citizens. A self-supporting and independent Free State is de Valera's avowed purpose, and to gain this end he spares neither sensibilities nor purses. He has put into practice one of the highest tariff schedules in Europe, determined to keep out anything and everything that can be made or grown at home. He has placed over industry and agriculture a control probably unprecedented in an English-speaking nation. Prices are fixed by a government-appointed tribunal; surplus foods and manufactures are disposed of on the Continent by cleverly negotiated trade agreements.

Dependence upon Great Britain even in matters of banking and currency is to be ended. On Oct. 25 Sean McEntee, Free State Minister for Finance, appointed a banking and currency commission which will probably recommend a central bank and other measures for Irish control of national credit and finance. Symbolic of the independence so zealously pursued was the citizenship bill announced on Nov. 5. Once this measure receives legislative approval the term "British subject" will be replaced by "Irish Free State citizen."

AUSTRALIA'S NEW CABINET

A journey from England to Australia in 1870 took about 100 days in a sailing ship. By 1910, thanks to improved shipping and the railroad across France, 35 days sufficed. Now, in 1934, three days will do—if one has

as reliable an airplane as that which late in October carried two British fliers, C. W. A. Scott and T. C. Black, from London to Melbourne in a few seconds under 71 hours.

The end of this air race turned the eyes of the world upon Australia. Within the Commonwealth itself the outstanding happening of the month (except, perhaps, for the celebration of the centenary of the State of Victoria's settlement) was the announcement of the new Federal Cabinet. On Oct. 12, after unsuccessful negotiation with Country party leaders, Prime Minister Lyons had formed a one-party government. But further conferences with Dr. Page, Country leader, provided a basis for a coalition. The principal portfolios were then distributed as follows: Dr. Page, Commerce; Sir George Pearce, External Affairs; R. A. Parkhill, Defense; R. G. Menzies, Attorney General; W. M. Hughes, Vice President of the Executive Council; A. J. McLachlan, Postmaster General; T. W. White, Trade and Customs; T. Paterson, Interior.

Since final election returns had given the United Australia party 32 seats in the House, the Country party 15 and the Labor Opposition 27 (not 35, 13 and 26, respectively, as stated here last month), Dr. Page's followers held the balance of power, and Mr. Lyons felt obliged to offer them a share in the government. When agreement was finally reached, the Country party had dropped their demand for a formal inquiry into the prevailing policy of protecting small industries, and the government had undertaken to meet in some way or other the Country party's insistence upon revised tariffs. The new Parliament, which opened on Oct. 23, will soon be asked to consider a schedule of generally reduced customs duties.

On his visit to England next year the Prime Minister will no doubt discuss alteration of the trade terms laid down at Ottawa. The long and often bitter debate between Australia and Lancashire over the new cotton duties, Belgium's threat to reduce purchases of Commonwealth grain, the dispute with Italy over Australia's wool quota—all have gone to show that the Ottawa agreements neither enable Australia to negotiate favorable foreign trade treaties nor avoid dispute even on the all important matters of inter-Empire trade.

Australian trade and industry, however, have risen considerably above last year's levels. The Commonwealth Government ended the 1933-34 fiscal year with an accumulated surplus of about \$24,000,000, despite tax reductions of more than \$36,000,000. Estimates for 1934-35 foresee a surplus of some \$50,000 after further tax reductions, increased payments on such social services as old-age pensions and maternity allowances, and a complete restoration of all cuts imposed on Commonwealth public service salaries below \$1,500 a year. Within the several States the prospects are not so encouraging. Queensland anticipates for the coming fiscal year a deficit of \$4,000,000, South Australia one of \$2,000,000, Victoria one of \$1,000,000. In the fiscal year just ended New South Wales expenditures exceeded income by \$12,000,000; in Western Australia the deficit was \$3,225,000. Conditions would no doubt be worse if one-third of the Commonwealth's accumulated surplus during 1933-34 had not been granted unconditionally to the States.

GANDHI RETIRES

The plans for India put forward in the report and recommendations of the India Joint Select Committee were at this writing unknown. But the re-

port was near completion, and over Britain and India hovered its dark shadow. In conference at Bristol the Conservative party debated whether or not Parliament should grant even the limited measure of Indian freedom anticipated. In conference at Bombay the National Congress party showed clearly that no matter what Parliament might grant, it would be not enough.

Amidst this uncertainty Mahatma Gandhi on Oct. 29 resigned the National Congress presidency. This he had been for some time threatening, because, in his own words, the Congress was being suppressed by his presence and was not giving natural expression to its views. In September he had stated that "Congress intelligentsia are tired of my methods, views and program." Later he demanded amendment of the Congress constitution so as to embody in unmistakable terms his principles of non-violence and civil resistance, as well as strict injunctions regarding the "spinning franchise." By this rule Congressmen would pay franchise fees with yarn they had themselves woven and would vote only if they wore khaddar, cloth made from such yarn.

These amendments were adopted by the Congress conference, with minor changes, on Oct. 29, and in other respects also Gandhi was able to have his way. Because of his personality he is still the most powerful leader in India. But because of his theories he has suffered a loss of prestige. Realization of this fact no doubt led him to resign despite obvious victories. "God knows," announced the Mahatma as he bade farewell to the assembly, "when I shall speak from this platform again." His future efforts will be devoted to the All-India Village

Industries Association, authorized by the conference on Oct. 28 to restore ancient Indian industries and bring about the moral and physical advancement of the villages.

While all the Congress groups still agree upon the ultimate goal of Indian independence, the majority, controlled by the Congress Parliamentary Board and Gandhi, are opposed by various elements, particularly the Nationalists, led by Pandit Malaviya, and the increasingly powerful Socialists. The Nationalists are unyielding in their rejection of the communal award, which the majority have so far neither accepted nor rejected. The Socialists demand transfer of all power to the producing masses and the elimination of the princes, landlords "and all other classes of exploiters."

Also opposed to Gandhi are those with a Western outlook who deplore his religious and spiritual preoccupations. As one of them recently said, the Congress is a political body, not an organization for purifying the character of its members. Further opposition comes from those who sympathize with such violence as that which during the past year terrorized Bengal and culminated in the attempted assassination of Governor Sir John Anderson. Still other dissidents refuse to support the program in favor of the depressed classes. The strength of this element was shown when on Aug. 23 Gandhi's beloved Temple Entry bill, which promised Untouchables legal access to places of worship, was withdrawn from the Legislative Assembly. Now that Gandhi has removed himself from active politics, he can observe the struggle from a strategic position. But his retirement does not by any means indicate that he has forever run away from the battle.

The Doumergue Cabinet Falls

By E. FRANCIS BROWN

FRANCE in the first week of November found itself in the midst of another political crisis. The Doumergue Ministry, formed after last February's riots, tottered and then, on Nov. 8, fell. Its fall, however, did not produce the civil disorders which had been freely prophesied; instead the "truce Cabinet" was replaced quickly and easily by a new government led by the moderate Pierre-Etienne Flandin.

From the beginning the Doumergue government had a troubled career. Resting as it did upon a political truce arranged while the Third Republic was still shaken by social turmoil, it was never conceded a long or happy life. Last Summer a downfall was barely averted, and again after the assassination of the Yugoslav King and the French Foreign Minister at Marseilles on Oct. 9. But the final crisis apparently could have been avoided if Premier Doumergue had been more willing to compromise.

The immediate cause of the crisis was M. Doumergue's insistence that Parliament be asked to vote provisional credits for governmental expenses in the first three months of 1935. Once this had been done, he planned to proceed with the constitutional reforms so close to his heart. (See November CURRENT HISTORY, page 226.) Since the budget was ready for consideration, and business men were anxious for its immediate submission to Parliament, M. Doumergue's opponents believed he had some tricks up his sleeve. Did he want

the provisional credits so as to be in a position to dissolve Parliament if it should oppose his desired reforms?

To the Radical Socialists, without whose support the Cabinet could not stand, the proposed three months' credits were wholly unacceptable. The party, moreover, was lukewarm toward the Premier's Constitutional reforms. When the Premier flatly refused to push through the budget before taking up those changes the six Radical Socialist members of his Cabinet resigned, precipitating the fall of the Ministry.

The new government, like its predecessor, rested on a coalition and a political truce. But it was more a Centre government than that of M. Doumergue, since, in addition to the retiring Premier, André Tardieu, the exponent of conservatism, and Marshal Pétain were among the missing. Pierre Laval, who succeeded the late Louis Barthou as Foreign Minister, remained at his post. From the Senate Marcel Regnier was brought to assume the Ministry of the Interior. Among the other members of the Cabinet were Georges Pernot as Minister of Justice, Louis Germain-Martin as Minister of Finance and General Louis-Felix Maurin as Minister of War. Edouard Herriot and Louis Marin entered the government without portfolios.

M. Flandin, it was believed, would be concerned less with political reform than with economic questions. In a statement made upon assuming office he spoke of the Cabinet's "de-

termination to fight with a single purpose against poverty and unemployment, to restore the nation's economy and finances, and to revivify and strengthen the State."

To some extent the fall of the Doumergue Cabinet relieved the political tension that had gripped France for a long time, especially since the tragedy at Marseilles on Oct. 9. The death of Louis Barthou forced M. Doumergue to find a new Foreign Minister; Albert Sarraut, Minister of the Interior, had been obliged to resign, and in the reshuffling of portfolios Henry Chéron, Minister of Justice, was forced out—one more victim of the still unsolved Stavisky mysteries. At first it was thought that the Ministry could not survive the strain, but for the moment no party would risk breaking the political truce. With Pierre Laval at the Quai d'Orsay, the Cabinet continued on its stormy way.

Although the cantonal elections held on Oct. 7 and Oct. 14 were expected to provide indications of the Doumergue Ministry's hold on the people, they revealed but little. The Premier, aided by Edouard Herriot, leader of the Radical Socialist party, appealed for defeat of the Socialist-Communist common front. While the results showed that France has as yet no inclination to go Left, they were as a whole inconclusive. Out of the 1,512 seats in the cantonal councils, the Radical Socialists won 486, the Centre parties 411, the Right parties 380, the Socialists 202 and the Communists 33. There was a slight turn toward the Right, as the Socialists lost 5 seats and the Communists 1. Nevertheless, in the press of the Socialist-Communist common front the loss was hailed as a victory, since the front had practically held its

lines against what was regarded as a mass attack from the Right.

M. Doumergue could hardly consider these elections as a personal triumph. Yet they apparently gave him added courage to push ahead with his plans for constitutional reform. Before he could submit this program to the Cabinet, however, he had to wait until the attitude of the Radical Socialists had been determined at their annual congress. Without the support of this party—the largest in France—any reform program would be doomed in advance.

The Radical Socialists, meeting at Nantes on Oct. 25, showed no enthusiasm for M. Doumergue's proposals to strengthen the central government. In particular they disliked the idea of giving the President power to dissolve Parliament without the consent of the Senate. Speaker after speaker insisted that the Cabinet must be under the control of Parliament, not Parliament under the control of the Cabinet. At the same time there was no lack of recognition of the troubled state of national affairs. Ultimately Edouard Herriot won the party's support for the "truce Cabinet" and for the proposed reforms, the actual text of which had not yet been made public. The only reservation affected the President's right of dissolution. Upon that point in Premier Doumergue's program a compromise had to be reached if the government was to continue.

Perhaps a formula could have been found if M. Doumergue had been more tactful, but on Nov. 3, after the Cabinet had approved his project for constitutional reform, he broadcast an appeal to the nation for support. In this he referred to "the incapable, rash and selfish people who have brought the country to the brink of ruin"—a remark which, the Radical

Socialists felt, was intended for them and which could hardly be forgiven. They then moved against the Premier by rejecting his plan for provisional credits. In this they had the sympathy of the Finance Minister, who was not a Radical Socialist, of the Bourse, and of many people who had been loyal believers in the Doumergue Ministry. It was this move that on Nov. 8 sent M. Doumergue into retirement.

The tenseness of political France reflected the unhappy state of French business. Industrial output is off in practically every category except steel and automobiles. The railway deficit, despite tax relief granted a year ago, will reach 3,900,000,000 francs for 1934—800,000,000 more than in the previous year. Foreign trade during the first three-quarters of 1934 fell 12 per cent below the total for the same period of 1933.

Unemployment has grown steadily. Although the nature of the French social system tends to hide its extent, 339,822 individuals were registered as idle in the week ended Oct. 2. This figure represents an increase of 46.6 per cent over the total for the same week of 1933. Moreover, unemployment has been rising in recent weeks—normally a season of greater employment. This economic distress, accompanied by high taxation and high living costs, is bearing unmercifully on the French shopkeeper, farmer, laborer and white-collar worker. Angry and resentful over his troubles, the Frenchman looks with jaundiced eyes upon a government which during the past year has been shown to be incompetent, perhaps corrupt, lax and inefficient.

THE FRENCH WAR MACHINE

Meanwhile France continues to live in fear of war. The War Ministry has asked an addition of 800,000,000

francs to the 1935 budget for military defense. While the purpose of this appropriation has not been divulged, it is presumed that the War Ministry wishes to expand the French military machine in order to keep pace with the growing military strength of Germany. The Minister of War on Oct. 5 issued a decree permitting the unlimited enlistment of professional soldiers during years when conscript classes are small. As France already has an army estimated at 600,000, the new decree should tend to increase considerably the number of French effectives.

The exact condition of the French military forces is open to question. Army manoeuvres last Summer showed that the reserves were not all they should be. In addition, the frontier fortresses are still not strong enough to please the general staff. Recently it has been urged that until forts are strung along the Belgian, as along the German frontier, France will not be safe from invasion, since Belgium has failed to fortify her eastern frontier as adequately or as rapidly as had been anticipated by the terms of an accord between the French general staff and the Belgian Government.

BELGIAN NATIONAL DEFENSE

The Belgian Cabinet during October survived one crisis after another. The worst threat to the de Broqueville Ministry arose early in the month over the question of national defense. Only a few days after the Minister of War, Albert Devèze, almost upset the government because of his refusal to accept a smaller army appropriation in the budget which the Cabinet was considering, he again endangered political stability by disagreeing with General Nuyten, the chief of the general staff.

The chief of staff had long been at

odds with M. Devèze; the final break came on a question of military strategy. The War Ministry, and this means the government, has been building a line of forts along the Belgian frontier which continues a similar line on the French border. In time of war, therefore, national defense would begin at the frontier. Early in October, however, General Nuyten publicly recommended a scheme of defense based on the line of the Meuse river and the forts at Liège and Namur. Such a plan would involve the immediate sacrifice of the provinces of Liège and Luxemburg. A secondary line of defense would rest on the forts of Antwerp and Ghent.

Following this address by the chief of staff, the Minister of War insisted that unless General Nuyten resigned he would. The partisans of the two men did nothing to calm the passions aroused, and for a short while the fate of the government seemed to hang in the balance. The Cabinet, however, was saved when General Nuyten on Oct. 12 was relieved of his post.

The problem of defense was still in the popular mind when King Leopold on Oct. 16 opened a section of the great King Albert Canal which will connect Liège and Antwerp. Naturally the chief purpose of the canal is commercial, but it will have considerable military value as a barrier against any foe attacking Belgium through Dutch territory.

King Leopold supported the government's plan for national defense in a speech on Oct. 28, in which he denounced those who had publicly criticized what should have been secret military plans and said that the problem of defense cannot be a matter of

internal dispute. He also insisted that Belgians must be prepared to defend their frontiers in order that no province be inflicted with the horrors of invasion. The time for "polemics" over the system of national defense, the King continued, is past; the country has voted for the reinforcement of the national military organization, and this program "has been, is being and will be completely carried out."

This controversy about national defense temporarily overshadowed the budget problem. At the end of October it was announced that not only would the budget be balanced but there would be a small surplus. A deficit of 1,000,000,000 francs will be covered by a 5 per cent cut in the salaries of State employes, in State pensions and special allowances. Unemployment allowances will also be reduced 5 per cent. The Ministry of Education accepted a 100,000,000-franc cut in its appropriation, while the Ministry of War agreed to a 40,000,000-franc reduction.

Announcement of a balanced budget would, it was hoped, end the rumors of impending Belgian economic collapse. These rumors, none of them very specific, were partly responsible for the weakness of the belga in foreign exchange during October. In Belgium, as in other gold-bloc countries, there is a movement for currency devaluation and for abandonment of the gold standard. The de Broqueville Ministry, however, has refused to entertain such proposals, pinning its faith on recovery without financial manipulation. At present the foreign trade deficit is too small to menace Belgium's large gold reserves, and the Ministry contends that business will shortly show a definite turn for the better.

The Party Struggle in Austria

By SIDNEY B. FAY

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THE official Austrian "Information Concerning the Origin and History of the July Revolt," popularly known as the Austrian Brown Book, was published early in October, but added little to the story of the attack on the Dollfuss government. Evidence brought together showed that German Nazis, especially Dr. Habicht in Munich, had long aided and encouraged the Austrian Nazis in their treasonable activities, and revealed the incredible negligence of the Austrian authorities themselves, especially of Major Fey and the Vienna police, in failing to take adequate defensive measures on the morning of July 25 in response to telephone warnings that trouble impended. The pamphlet, naturally, received some unfavorable and resentful comment in Germany, but caused less recrimination between the German and Austrian newspapers than might have been expected. This may have been due to the desire on both sides to lighten the task of Colonel von Papen, who took up his negotiations with the Schuschnigg government in Vienna about the time the Brown Book appeared.

No public announcement was made regarding Colonel von Papen's long and frequent talks with Herr von Berger-Waldenegg, the Austrian Foreign Minister. But apparently normal and friendly relations between the governments at Berlin and Vienna were to some degree restored. The German Club in Vienna, centre of the

more discreet Nazi scheming, which was closed by the police on July 25, was reopened by order of the government. Austrian Nazis continued to refrain from any further outrages against Dr. Schuschnigg's authority. No doubt Hitler's followers in Germany, preoccupied with the Saar question, deemed it good policy not to stir up further Austrian irritation.

Furthermore, on Oct. 13 Colonel Adam, the Austrian Propaganda Minister, stated that Dr. Schuschnigg had been holding informal conferences with leaders of moderate sections of the forbidden Austrian Nazi party, had listened to their proposals, and had explained to them the conditions under which their collaboration in the Austrian Patriotic Front and in the new constitutional legislative bodies would be welcomed. Later it appeared that Dr. Rainthaler, newly appointed leader of the more moderate Austrian Nazis, had been their representative. The Chancellor told him that only if his German Nationalists joined the Patriotic Front as individuals and not as a body or organization would reconciliation and cooperation be possible; and that loyal support of an independent Austria on a corporative basis was essential. Dr. Rainthaler, on his part, insisted upon an immediate reconciliation between Germany and Austria and the adoption of a Germanophile policy in Vienna.

Whether these informal negotiations for burying the hatchet between the Austrian Nazis and the govern-

ment would result in an agreement was uncertain. Reciprocal lack of confidence made it doubtful. Apparently Dr. Rainthaler could not act definitely without Munich's consent, while the Chancellor adopted the late Dr. Dollfuss's view that Austrian internal politics should not be influenced from abroad.

Moreover, the Clerical groups opposed concessions to the Nazis because they think an agreement would be contrary to Austrian Catholic interests. It was a Clerical organ, the *Linzer Volksblatt*, that revealed the details of the negotiations, evidently with the object of torpedoing them. More strenuous opposition came from Prince Starhemberg, Vice Chancellor and leader of the Austrian Heimwehr, who was decorated on Oct. 19 by the King of Italy. For many months he had been strongly pro-Italian, distrusting Dr. Rainthaler and suspecting that if the Nazis should enter the Patriotic Front and the government they would continue to undermine the present régime. "We want a 100 per cent Fascist State," Prince Starhemberg declared; "we do not want a sham peace with the Nazis, who, once in the government, would do everything to overwhelm us and transform Austria into an entirely Nazi State." Should Dr. Schuschnigg tolerate Nazism in Austria under some camouflaged form, Starhemberg might attempt to overthrow the present coalition and replace it by a Heimwehr Fascist régime. But would the Vice Chancellor prove stronger than the Chancellor? That, presumably, was one of the things that Colonel von Papen was silently meditating.

The Nazi problem is one of the factors that endanger the truce established by Dollfuss between the Heimwehr (Home Defense) and the Sturm-scharen (Catholic Storm Troops).

While Starhemberg's Heimwehr are in favor of Italian fascism with its State supremacy in all branches of public life, Dr. Schuschnigg's Sturm-scharen are primarily Clerical and Monarchist. The two groups are old rivals, and clash frequently. Their antagonism recently appeared when the Cabinet appointed members of the various chambers and corporations which came into existence under the new Constitution on Nov. 1.

Although the actual power of these newly established legislative bodies is practically nil (see CURRENT HISTORY for May, p. 233), representation was eagerly desired by the two rival groups. The original idea was that the members should be chosen irrespective of the candidates' former party affiliations, according to the Fascist ideal of "the right man in the right place." Prince Starhemberg claimed that his supporters were entitled to a majority of the seats in the new bodies because his Heimwehr had for so many years attacked the "rotten parliamentary system" and lost many lives defending Fascist Austria against Red and Brown aggression. Dr. Schuschnigg's Sturm-scharen, numerically far inferior to the Heimwehr, nevertheless claimed similar merits and demanded that seats be distributed not according to the number of muskets but on the basis of the real importance and weight of the organization. They carried their point. Among the rather obscure functionaries actually appointed at the beginning of November a substantial majority were Clericals regarded as Schuschnigg supporters.

A considerable number of Socialists were released from Austrian prisons and concentration camps early in October. But according to a letter from one still in the concentration camp at Woellersdorf: "There are 350 Social-

ists here apart from nearly 5,000 Nazis. The food gets worse and less daily, and we are starving." Their pitiful plight was effectively set forth in *The Black Book of the Austrian Dictatorship*, presented to the League of Nations at its September session. Seventy Communists were arrested in Vienna on Oct. 24 and each sentenced to six months in jail for attempting to organize street demonstrations in workers' districts. Next day twenty Socialists were likewise arrested in connection with the discovery of a clandestine printing plant. Karl Winter, appointed Vice Mayor by Dr. Dollfuss in the hope that he might reconcile the workers to the present government by his public discussions of Socialist theory and practice, appeared to have failed in his efforts. He was bitterly attacked both by Clerical newspapers and by Heimwehr members. The latter declared: "When the former Socialist workers see that without joining governmental labor unions they cannot get jobs, they will join without the necessity of invoking semi-Socialist theories."

GERMANY'S CHURCH MILITANT

In attempting to suppress the independence of the regional Protestant churches of Wuerttemberg and Bavaria by removing Bishops Wurm and Meisser, the Nazi Evangelical Church officials stretched the bow too far. They raised discontent into open defiance and revolt. On Oct. 29 Dr. Jaeger, main driving force in the attempted coordination, was removed from all his ecclesiastical offices. The eighteen-month struggle between Reich Bishop Mueller and traditional German Protestantism had resulted in a victory for the latter.

After removing Bishop Theophil Wurm of Wuerttemberg from office and placing him under "house arrest,"

Dr. Jaeger proceeded on Oct. 11 against Bishop Hans Meisser of Bavaria. Nazi church officials broke into the offices of the Bavarian Church Council, held its members confined for three hours and forbade Bishop Meisser to leave his home. Next day thousands of Bavarian Protestants marched through the streets of Munich to Bishop Meisser's residence and demanded his release. When the Bishop attempted to address the crowd from a window he was dragged back out of sight by his Nazi guards.

From the Episcopal Palace the throng moved to the Brown House, the Nazi headquarters. There they spat on the ground and shouted their derision for the official church administration, the government and Chancellor Hitler. A manifesto denouncing Dr. Jaeger's action and declaring that "the torch of war has been flung into the House of God" was read before crowded congregations. In spite of these warning signals, Dr. Jaeger further increased Bavarian indignation by dividing the diocese into two districts, appointing one Nazi church commissioner for Franconia and another for old Bavaria. In carrying out these measures he was accompanied by members of the secret police in plain clothes. But the Bavarian pastors refused to recognize the authority of Dr. Jaeger's commissioners, held mass meetings in defiance and demanded the release and reinstatement of Bishop Meisser.

The determined opposition began to cause serious misgivings among Reich Bishop Mueller's own supporters. Dr. Engelke, recently appointed his deputy, resigned. Chancellor Hitler canceled an audience with the Reich Bishop. More serious was the demand by Dr. Walther Kinder, Reich

leader of the German Christians, that Dr. Jaeger should be dropped because of his persistent use of police in church affairs and his generally un-Christian acts. It was also claimed that Dr. Jaeger, a layman, was interested in bringing about the external unity of the church organization, not inner spiritual unity, and was in fact, by arbitrary methods and use of force, causing a deplorable split in both. It was suspected that Dr. Kinder by sacrificing Dr. Jaeger hoped to save the skin of the Reich Bishop, whose resignation the Opposition had been consistently demanding for several months.

But the Opposition Confessional Synod leaders refused to be misled by Dr. Kinder's apparently conciliatory gesture. They insisted that there could be no religious peace until Dr. Mueller himself resigned. Going further, at a meeting in the parish church of Dr. Martin Niemoeller, at Dahlem, Berlin, the National Free Synod declared that the pastors and laity whom it represented, constituting the great majority of the active church membership, had now created their own church in the form of a Brotherhood Council, which would take over the responsibility for governing the German Evangelical Church. "The unseemly absolutism of the Reich Bishop and his Civil Administrator [Dr. Jaeger] has created in the Evangelical Church an impossible papacy. The unscriptural introduction of the worldly leadership principle in the church and the demand for unqualified obedience based on that principle have made the officers of the church subject to the church régime instead of to Christ." Declaring that Dr. Mueller's Evangelical Church had obliterated itself by its illegal acts, the Free Synod claimed that it was now the true Evangelical Church, and called

upon the government to recognize it. This formal statement of Oct. 20 signalized a definite schism among the Protestants and presented Hitler with one of the most difficult problems he has had to meet.

On Oct. 26 it was announced that Dr. Jaeger had resigned as Nazi Commissioner of the Protestant Church in Prussia. Three days later he was removed by Reich Bishop Mueller from all his ecclesiastical functions. The two church commissioners whom he had appointed in Bavaria faded away and Bishop Meisser resumed his position as unhampered Bishop of Bavaria. Bishop Wurm likewise took control again in Wuerttemberg. On Oct. 30 Chancellor Hitler received the two Bishops, together with their colleague, Bishop Marahren of Hanover, and listened to their side of the case. It was reported that the Chancellor agreed to withdraw his support from the Reich Bishop and the Nazi German Christian régime and to let events take their course so long as the Opposition pastors made no attempt on the State's political authority. This would legalize the existence of the Free Church as an independent denominational body.

The situation, however, was not wholly clarified. Dr. Mueller declared on Nov. 5: "If I were certain I could help my people by leaving, I would. But I am a National Socialist fighter." Whether, like Dr. Jaeger, he will be eventually ousted remains to be seen. But in any case the effort to coordinate the Bavarian and Wuerttemberg Churches into the Nazi Evangelical Church ignominiously failed, and the Opposition Pastors and their Free Synod remained in a much stronger position than before.

GERMAN TAX REVISION

Revised wage and income tax laws were announced at the end of Octo-

ber. Besides aiming to increase revenues, they were intended to promote marriages and larger families. The wage tax takes 75 pfennigs from unmarried men making 80 marks (about \$32) a month, rises to 148 marks on those making 800 marks a month and still higher on larger wages. In general the tax on wages is considerably lower than that on incomes, but wages are taxed also for a variety of organizational payments and insurance premiums. Reductions are allowed for married men and on account of each child.

The income tax is levied on all incomes exceeding 560 marks a year, which includes even the lowest agricultural incomes. It starts at slightly less than 2 per cent and runs up to 50 per cent on incomes exceeding 75,000 marks a year. A single man with an income of 12,000 marks paid 1,609 marks income tax last year; in the coming year he will have to pay 2,560 marks. If married, he paid 1,428 marks last year and will pay 1,600 under the new law. There are, of course, exemptions on account of children.

GERMAN ECONOMIC CONDITIONS

Harvest estimates now show that Germany will have no serious shortage of food during the Winter. But costs have been steadily rising, owing to the government's policy of favoring the farmer and fixing agricultural prices for his benefit. While rye last August brought only 65 marks a ton wholesale in Amsterdam, the price in Germany was 159 marks. Wheat in Liverpool was listed at 69 marks, as compared with 199 in Germany. Pork at 12 marks per hundredweight in Chicago compared with 47 marks in the German home market. The price of Danish butter was less than one-

third that fixed for German consumers.

The high cost of food products and the government's rigid rules against profiteering and price-raising have put retailers in a very difficult position. Some have shut up shop because they could not afford to do business. Fear of a scarcity of food and of still higher prices led to some hoarding. To deal with the problem Hitler appointed Dr. Hans Goerdeler as special commissar for the supervision of prices. Dr. Goerdeler was formerly food dictator under Chancellor Bruening.

During the Summer months the number of employed in Germany continued to rise slowly, reaching 15,620,000 at the end of September, as compared with 11,533,000 when Hitler assumed power. But Germany's inability to export enough to pay for her needed imports of raw materials began to cause factories to shorten the hours of work during the Fall months and threatened to increase unemployment during the Winter.

Switzerland was one of the first countries with which Dr. Schacht, in his inability to provide sufficient foreign exchange for full payment of German foreign obligations, arranged a "clearance" agreement. It came into force on Aug. 1 and has worked rather more satisfactorily than the somewhat similar agreements with several other countries.

The German-Netherlands clearance agreement, which became operative on Sept. 24 and was somewhat similar to the German-Swiss arrangement, has not worked so satisfactorily. Dutch shippers of fruit and vegetables to Germany have complained that they could not get prompt payment for their goods, and their exports have fallen very sharply.

Reaction Triumphs in Spain

By WILLIAM E. LINGELBACH
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CIVIL war broke out in Spain on Oct. 5. A general strike, coupled with open revolt against the national government, spread rapidly throughout the central and northern sections of the country, and for three days the fate of the republic hung in the balance. Fighting was most severe in Catalonia and Asturias. Hundreds were killed and thousands arrested, while damage to property mounted into the millions.

The immediate occasion for the uprising was the formation on Oct. 4 by Premier Lerroux of a Ministry composed entirely of representatives of the conservative groups, including three from the Catholic Popular Action. Convinced that this meant the ultimate overthrow of the republic and the political and social reforms enacted by the last Cortes, the elements of the Left rose in revolt. In Madrid they attempted to seize the government offices, but were soon defeated, the army and the civil guard remaining loyal. In Catalonia the situation was more dangerous, as the insurgents were already in control of the State government. Here the revolt had a dual character. It was political, looking toward separation and independence; and it was social and economic, looking toward the establishment of a socialistic republic after the fashion of Soviet Russia.

The social and economic phase of the movement was espoused by the Workers Alliance, a loose union of Socialists, peasants, Communists and in places the Anarcho-Syndicalists,

brought together by Trotsky's agent, Andren Nin. The separatist movement was supported by Nos Altros Sols (We Alone) and the Estat Catala party, led by Dr. Joseph Dencas, who, in his capacity as Catalan Minister of the Interior, controlled the Catalan militia as well as the police of Barcelona. These divergent groups were in agreement on the one major issue only—the overthrow of the Madrid government.

Hard pressed by the Separatists and extreme Left elements, President Companys on Oct. 6 proclaimed Catalonia a free and independent republic. But the new State had hardly come into existence before it was crushed. Throwing the full force of the army, the civil guard and the fleet into the scales, the national government after a day of sanguinary fighting, in which the public buildings and insurgent headquarters were shelled, gained complete control of Barcelona. President Companys surrendered. With ex-Premier Azaña and more than 1,000 others he was transferred to a warship to await court-martial. In the Basque area and Asturias the resistance was more stubborn; the rugged, mountainous nature of the country made it more difficult to bring the full weight of the national forces into action. Effective use of the air forces, however, in bombing insurgent positions and in distributing news of the suppression of the movement in other parts of Spain slowly broke the rebel resistance.

The complete collapse of the revolt

will doubtless eliminate the organized parties of the Left from the Cortes for some time to come, despite their having dominated the Constitutional Cortes for more than two years, drafted and secured the adoption of the Constitution, placed on the statute books the anti-clerical and land distribution laws and initiated a large secular educational program. But it was precisely these things and the division in their own ranks that proved their undoing.

The new Ministry—the eleventh since the republic was established—is in complete control of the situation; loyalty of the army and of the civil guard is seemingly stronger than before. In recognition of his success in dealing with the dangerous situation, Premier Lerroux was given a prolonged ovation by the parties of the Centre and the Right as he entered the Cortes on Oct. 9. The seats on the Left were, of course, empty.

The Socialist party has been almost destroyed by the revolt. Of its leaders, Francisco Largo Caballero is in prison, Andalecio Prieto escaped to France, while other prominent members of the party are being sought by the authorities. A decree for the dissolution of the party, drafted by Prime Minister Lerroux himself, is said to have been issued on the ground that the Socialists were largely responsible for the revolt and its tragic consequences. Only a handful of the fifty-eight Socialist Deputies, comprising the moderate wing led by Professor Besteiro, former President of the Cortes, and Fernando de los Rios, abstained from the program of violence and revolt. Everywhere throughout the nation Socialist municipal councilors and Provincial Governors have been replaced by supporters of the government.

Similarly Catalan and Basque home

rule aspirations have received a setback from which they will be a long time recovering. The special rights and privileges guaranteed in the Catalan Statute have already been set aside. Their defenders and champions are under arrest awaiting trial by court-martial or by the Tribunal of Constitutional Guarantees. Acting on the report of the Minister of Marine on conditions in Barcelona after the revolt, Premier Lerroux announced that the Madrid government would henceforth take charge of the police, the maintenance of public order, the courts and the right of taxation, and that the Catalan Statute would be subjected to thorough revision.

When new elections are held in the near future it is expected that the Catalan Lliga (Right party), which had 45 per cent of the Deputies in the Generalitat, will increase the number of its Deputies materially, thus giving to the State Government at Barcelona the same complexion as the national government. Even if the Esquerra party is permitted to put up candidates it has so discredited itself by its part in the insurrection that it can scarcely expect support. Besides, Gil Robles has been busy organizing a branch of Catholic Popular Action in Barcelona with the distinct purpose not only of combating both the Separatist and Socialist elements but of building up his conservative political organization in what has hitherto been a radical stronghold.

That the failure of the revolt has greatly strengthened the national government in Madrid is evident; a strong feeling of confidence prevails in conservative ranks. The danger lies in too complete victory, for the deeper causes that underlie the revolt still exist and their removal calls for wise and tolerant statesmanship. No government victory by armed force will

correct the grinding poverty of the mining population of Asturias or remove the causes of discontent among the landless peasants and the poorly paid industrial proletariat of Barcelona, Madrid and other cities. If, however, the veteran Prime Minister, Alejandro Lerroux, can hold the conservative Cortes to moderation and to the reform of economic and social abuses, much will have been gained by his triumph over the extreme Left. A favorable sign is the moderation with which punishment has been meted out to the participants in the uprising. Instead of hastening the military and court-martial sentences the government has called a halt, announcing that in important cases the sentences will be subject to revision by the Court of Constitutional Guarantees, a policy strongly supported by President Zamora.

Meanwhile, reports from Barcelona tell of sweeping reforms in the corrupt municipal government of the Catalan capital. A commission form of government has been set up under Carles Pi i Sunyer, the newly elected Mayor. Severe retrenchment in expenditures has been inaugurated and the heavy budgetary allowances of more than \$34,000,000—larger than for all Catalonia combined—are being cut in all directions. The new Mayor was financial adviser to the Azaña Cabinet in the first days of the republic and then Financial Secretary of the Catalan Government. Last year he went to Madrid as member of the Coalition Cabinet, to return later to Barcelona as Prime Minister of the State government.

LABOR IN FASCIST ITALY

Italy during October inaugurated the most far-reaching program for the solution of industrial unemployment known to any country. Outlining

the plan in a speech at Milan, Premier Mussolini announced that the Fascist government proposed to secure a much greater degree of social justice for the Italian people as a whole. By that was meant, he said, not merely the raising of the standard of living, but the bringing of the workers into closer contact with the productive processes of the national economy. Science, he declared, must now devote itself to the problem of a better distribution of wealth in order to eliminate the unreasonable phenomenon of poverty in the midst of plenty. Fascism would direct its attention in the immediate future to solving this problem without destroying the productive power of capital. Mussolini has made it plain that whatever demands the program may make upon capital there is no intention to socialize the means of production or to impose a capital levy. On the other hand, he has given his full support to the program developed by the National Confederation of Fascist Industrial Syndicates, which proceeds on the assumption that industry will have to absorb the unemployed of Italy, regardless of the profit factor.

The main points of the program are: Rotation of labor, skilled and unskilled, in two or more shifts in the working day; reduction of the working hours below the present forty-eight-hour week, with due consideration for local conditions and seasonal demands; abolition of overtime and holiday work, except in special cases of necessity; regulation and better distribution of piece work to prevent industries from producing above a specified maximum; scientific control and improvement of machine labor to lessen the burden upon the wage-earners; control and supervision of rationalization in factories to avoid reducing wages and hours of work

and to safeguard the health of the population. To these points must be added a number of measures already in operation, like compulsory insurance of workers, the adoption of the labor passport, an extensive national and local public works program, official employment agencies and improved facilities for internal migration of labor.

Industry's reaction to this proposed "New Deal" was for a time in doubt. After a conference in Rome, on Oct. 15-16, of over 2,500 officials of the Confederation of Fascist Industrial Employers, Alberto Pirelli, the director general of the confederation, announced that he was empowered to pledge the full and unqualified support of the Confederation of Employers to its execution. Since the confederation represents 147,000 industrial concerns, employing over 2,400,000 workmen, the program will be tested on a large scale. The agreement between capital and labor ends a dispute which has for some time threatened to develop into a class struggle of formidable proportions.

The twelfth anniversary of the March on Rome was celebrated on Oct. 27. As in previous years the anniversary was marked by Fascist military display, athletic contests, mass meetings, speeches, the inauguration of many new public works and the completion of others. In Rome the new Avenue of the Circus Maximus was dedicated. The Fascist exposition, which has been open for two years and visited by hundreds of thousands of people, was closed, the collection to be installed permanently in the Littorio Palace which is to be erected on the Via Imperiale. In other parts of Italy similar work went on. At Naples the newly electrified State railroad to Solerno was opened, a new

municipal palace dedicated, a program initiated for the rebuilding of a large slum area and the building of a huge dry dock to accommodate the biggest Atlantic liners. At Venice five schools and a new bridge over the Grand Canal were dedicated. At Bologna, besides a new central power station at Suviana and a large reclamation project, new public office buildings, public schools and several new university buildings are in process of construction.

During October preparations were made for the inauguration of the Corporative State, which, with its twenty-two confederations, was soon to swing into operation for the purpose of coordinating the entire economic life of the nation and placing its productive activities on a sound scientific basis. Above the corporations will be the National Council of Corporations and above it the Ministry of Corporations under Mussolini himself. How completely the National Council of Corporations will replace the present Chamber of Deputies remains to be seen.

Trade reports for the first nine months of 1934 show an adverse balance of 1,830,819,000 lire, as against 1,066,944,000 for the period of 1933. Financial circles are perturbed by the heavy losses in gold reported by the Bank of Italy. With the decline in foreign trade, decreased revenue from tourists and remittances from Italians abroad, Italy's international credit is seriously impaired. The estimated deficit in the trade balance of about 3,000,000,000 lire is nearly double what it was a year ago. Unemployment, according to the Ministry of Labor, stood at 887,345 on Sept. 30, showing an increase of 20,715 for the month, but 20,138 less than on the corresponding date in 1933.

Yugoslavia's New Rulers

By FREDERIC A. OGG

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THE Yugoslav destroyer Dubrovnik, escorted by French naval vessels from Toulon, sailed into the picturesque harbor of Marseilles on the afternoon of Oct. 9, bearing King Alexander of Yugoslavia. He was bound on an official visit to France. Yugoslavia is a valued French ally; King Alexander was held in perhaps higher esteem by the French than any recent European monarch except the late King Albert of Belgium; and the visit was to be made the occasion for attempting a reconciliation of Yugoslavia and Italy and with it a Franco-Italo-Yugoslav understanding.

Suddenly, as a motor car carrying the King and the French Foreign Minister, Louis Barthou, passed the Marseilles Bourse, a bystander rushed from the crowd, shouted "*Vive le Roi*," and, while police momentarily hesitated, leaped upon the running-board and fired upon the King, who died almost instantly. M. Barthou also received injuries from which he died two hours afterward. Two other persons who happened to be in the line of fire were slain, and eight more were wounded. The efforts of the assassin to shoot himself were frustrated by the police, but the infuriated populace quickly did away with him.

A forged passport was found upon the assassin, but no other marks of identification. The name under which he had entered France a few days previously was Petrus Kalemén, and it was generally believed that he was a Croatian from Zagreb.

The Marseilles tragedy, recalling so vividly the Sarajevo murder of 1914, caused Europe to shudder. Would the dissatisfied Croats rise in rebellion, plunging the dead King's country into civil war? In that event, would the other powers (particularly Italy) seize the opportunity to advance their political and territorial interests? Here seemed to be the elements for a new European war. But the immediate aftermath was reassuring. Precautions were taken to discourage anti-Italian outbreaks, and, contrary to earlier reports, it was unnecessary to place the country under martial law. For the time being at least, political strife in Yugoslavia was halted.

Even before the King's body was taken to Belgrade, arrangements had to be made for carrying on the government. According to the national Constitution, the heir to the throne was the oldest of the King's three sons, a boy of 11, who, at the time, was at school in England. On Oct. 11 he was proclaimed King under the name of Peter II. A regency was, of course, necessary. By constitutional provision the sovereign can name three regents, either by direct appointment or in his will.

Fortunately, King Alexander had made a will; this testament, when opened, revealed his three choices. As generally expected, one appointee proved to be Prince Paul Karageorgevich, cousin and intimate friend of Alexander. The others were Dr. Rodenko Stankovich, a distinguished

Serbian scholar, a Doctor of Medicine attached to Belgrade University, and formerly Minister of Education, and Dr. Perovich, a Croat, and Governor of the Banat of Sava. Three alternates were named: General Tomich, Senator Banjanin, a Serb from Croatia, and M. Zec, a high Slovene administrative official.

Although this group represents considerable capacity and wisdom, its conduct of the affairs of a divided country will not be easy. Prince Paul, clearly marked out for the primacy, was the centre of interest. No one seemed to know whether his previous abstention from politics was due to his own lack of interest or to Alexander's wishes. At all events, the fatal flaw of all dictatorships was plainly in evidence. The strong man was gone, leaving no one of really marked personality to take his place.

The comic opera picture of Balkan kings, if ever true, was certainly not so in the case of King Alexander. He was an earnest, hard-working man, with a towering mission—the pacification and genuine unification of a country suffering from chronic factional strife. In November, 1918, when King Peter, his father, relinquished his powers, Alexander became Prince Regent. Peter died in 1921, and Alexander became King. For a decade he labored to establish harmony in his distracted country, while yet preserving post-war democratic reforms. Baffled by irrepressible factionalism, he at length decided to try other means.

Alexander in January, 1929, declared himself dictator and abolished Parliament. All new legislation became a matter of royal ukase, political parties were suppressed, and the ancient provinces replaced by nine "banats" and the "district" of Belgrade. In other words, the loosely knit and semi-

democratic State of Greater Serbia was remade into the centralized monarchy now known as Yugoslavia. A new Constitution put into effect by royal decree in 1931 did not greatly alter the situation. Parliament, to be sure, was restored, but with only a semblance of power.

There is no reason to believe that the King relished dictatorship simply for the power that it brought him, and it may fairly be said that he ruled with as much moderation and humanity as he could. If his efforts met with less success in domestic than in foreign affairs, the reason is to be found in inherent difficulties which had even more completely baffled the instrumentalities of parliamentary democracy. The crux of the problem was, of course, the persistent demand of the Croats for autonomy, or even full independence—though fear of Italy restrained all but extremists from going to the latter length. Of late the Croatian people as a whole seem to have grown a little weary of a fruitless conflict.

Though Alexander was warned time and again that his effort to impose national unity by fiat from above was doomed to fail, and that he must grant autonomy to Croats, Slovenes and other groups with a view to achieving unity more slowly from below, he could never be persuaded that he was not on the right track. He believed that the Croatian question was settled and must never be reopened. Well enough he knew that the title of Liberator with which he was hailed by his people at the close of the World War had been superseded in many quarters by that of Tyrant. But confidence in the eventual success of his policy remained unshaken. Danger of war with Italy, combined with the well-known hopes of Austro-Hungarian monarchists that the Yugoslav

monarchy would fall to pieces, demanded attainment of complete national unity by the quickest possible methods.

In accordance with the wishes of Prince Paul the Uzonovich Cabinet resigned on Oct. 20, two days after the King's funeral. The Prince believed that the crisis called for a Cabinet of "national concentration" which would include the Slovene leader, Father Koroschetz, some supporters of the Croat leader, Vladimir Machek, and, if possible, some politicians who have been in the background since the establishment of the dictatorship. A conference between the Regency Council and the presidents of the Senate and Chamber led, however, to a decision that for the present no important changes should be contemplated, either in Cabinet personnel or in policy.

M. Uzonovich therefore was invited to form a new government, and on Oct. 23 he secured the Regents' approval for his list. Perhaps the most significant change was the appointment of General Pera Zhivkovich, who had stood high in King Alexander's confidence, to the Ministry of War, apparently with a view to enhancing the Cabinet's prestige. Further evidence that there was to be no departure from the late King's policies was supplied by the inclusion of two ex-Premiers and ardent supporters of the present régime, Milan Srskich and Voyislav Marinkovich, as Ministers without portfolio. On the other hand, it should be recorded that Father Koroschetz and other Opposition leaders were offered posts but refused them. Premier Uzonovich outlined the new Cabinet's program in Parliament on Oct. 26 and pledged continuance of former domestic and foreign policies.

That the next few months would be a critical period in Yugoslav politics

was understood by every one. The empty shell of the royal dictatorship remained. But could the substance be preserved, with no strong figure immediately in sight? Would the new régime long attempt to maintain the iron-hand rule of the past five years, or would it permit a swing back toward parliamentary and democratic government? Would the momentary consolidation of feeling and opinion produced by the national grief prove the starting point for genuine reconciliation, or would it presently give way to keener and fiercer rivalries and enmities?

Meanwhile, vigorous investigations carried on by Yugoslav authorities and by the police of many other lands resulted in numerous arrests, without bringing to light the extent to which the assassinations were the outcome of definite conspiracy or plot. On Nov. 2, however, it was reported that the Yugoslav Government was satisfied that the crime was planned and executed by a Croatian terrorist organization headed by a certain Ante Pavelich, working in conjunction with Ivan Mihailov's Macedonian revolutionary society, and supported by former Austro-Hungarian imperial officers belonging to Habsburg monarchist circles. The government was reported, further, as bent upon bringing the matter before the League with a view to preventing the extension of political asylum to adherents of terrorist organizations.

HUNGARY AND THE HABSBURGS

In the opinion of increasing numbers of Europeans every day brings nearer the inevitable restoration of the Habsburgs, probably first in Austria, but eventually in Hungary as well. Matters have gone so far in Vienna that negotiations have been started for the restoration of the val-

uable Habsburg properties confiscated by the State at the time of the revolution. Meanwhile, Archduke Otto has for the first time publicly announced his intention to return to Austrian soil, "without bitterness," as soon as the frontiers are opened to him.

At Budapest a correspondent of *The New York Times* had an interview on Oct. 25 with Count Anton Sigray, recently designated by Otto as leader of the entire Legitimist movement. Count Sigray declared that the Archduke would be restored—at least in Austria—within six, or at the most twelve, months. The restoration in both Austria and Hungary, he said, would come by invitation of the people and not by a putsch or coup. It would not mean abandonment of any of Hungary's claims for revision of the peace treaties. Moreover, the Count insisted that a restoration would meet with far less opposition from the Little Entente and other States than is commonly supposed, and that restoration in Austria would not jeopardize Otto's chances in Hungary. Otto's rule, it was pointed out, would be constitutional and liberal, not reactionary, despite strong clerical influence in his upbringing.

RUMANIAN CABINET CRISIS

For the eleventh time since King Carol mounted the throne four years ago a Rumanian Cabinet on Oct. 1 resigned. Several factors contributed to this latest crisis, but it arose mainly out of another of the numerous clashes that have taken place between King Carol and the Liberal Premier, Tatarescu, on the one hand, and Foreign Minister Titulescu, on the other. Disliking the Foreign Minister's pro-French policy, the King has steadily encouraged Premier Tatarescu to play a rôle in foreign affairs that would

overshadow that of Titulescu. Tatarescu has even paid official visits to foreign countries on his own initiative, greatly to Titulescu's dissatisfaction. Suddenly, on Oct. 1, the Foreign Minister, with ill health as an excuse, wired his resignation from Switzerland, where he had been representing Rumania at Geneva. When he refused to withdraw it, Tatarescu tendered the Cabinet's resignation.

The crisis, however, was soon ended. King Carol immediately asked Tatarescu to form another government, which he forthwith did on Oct. 2. Except that Tatarescu himself temporarily took the portfolio of Foreign Affairs, there were no significant changes, and even this arrangement was meant merely to pave the way for Titulescu's eventual return to his former post. But Titulescu, although urgently requested to return to Bucharest for conferences, did so only in his own good time, and did not arrive until Oct. 8. In a two-hour discussion with the King and the Premier at Sinaia next day Titulescu is understood to have made it clear that if he resumed his portfolio he must be given a free hand. Apparently satisfied, he accepted reappointment and before the day was over the Premier and the Foreign Minister were back in Bucharest convoking their colleagues to discuss the possible consequences of the assassination of the Yugoslav King.

BULGARIAN AFFAIRS

The dictatorial government of Bulgaria has attracted considerable attention by its measures for national recovery and social discipline. Decrees issued during the first week of October cut peasant debts 40 per cent, debts of artisans 30 per cent, and those of merchants 20 per cent. In addition, agriculturists were conceded a two-year moratorium for all pay-

ments; artisans and merchants, moratoria for briefer periods. Creditors, however, are not to suffer from the measures, for the State assumes most of the losses through what is known as the Liquidation Fund, money for which is to be obtained from supplementary income and occupational taxes.

At the end of October it was reported that the Turkish authorities had yielded to the demands of Bulgaria and Yugoslavia and arrested Ivan Mihailov, chief of the I.M.R.O., who, to escape the clean-up campaign of the Georguiev government, sought and found refuge in Turkey after Italy had refused to receive him. Two other I.M.R.O. leaders, Nastev and Drangov, arrested in Jambol, were taken to Sofia on Oct. 28 for trial.

GREEK PRESIDENT RE-ELECTED

Alexander Zaimis was re-elected President of Greece for a five-year term at a joint session of the Senate and Chamber of Deputies on Oct. 19. This ended a tense period in Greek politics. For months the Tsaldaris government had been bending every effort toward frustrating the candidacy of the veteran Venizelos, who was backed by the Opposition forces. It offered even to abandon a new electoral law gerrymandering a number of electoral districts in the government's favor if the Venizelists would throw their support to Zaimis. The proposal was not accepted, but eventually the President's re-election was carried by the votes of seventeen Senators obtained by a compromise under which the new law is to be withdrawn and replaced with another framed so as to satisfy all parties. During the cam-

paign M. Venizelos roundly condemned the existing Presidential system, urged larger Presidential powers, and in particular advocated a constitutional amendment giving the Chief Executive an absolute veto on all measures not passed by a two-thirds majority of the Senate and Chamber in joint session.

PRESIDENTIAL RULE IN POLAND

On the reassembling of the Polish Sejm, early in November, the government's extraordinary power to issue decrees with the force of law expired. But numerous Presidential decrees were promulgated at the end of October to forestall this loss of extraordinary power. Most of these related to economic matters. For example, peasants are enabled to convert short-term indebtedness into 4½ per cent fifty-year bonds, which a creditor is obliged to accept at par. Others had to do with military affairs. Under this category, auxiliary military service was prescribed for all citizens of both sexes between the ages of 17 and 60. A second imposed on every citizen the duty to deliver all goods, implements or property required by the government in case of war, and in effect empowered the government to require all economic enterprises to be conducted in such fashion as to be of maximum use for wartime purposes. And a third, of particular severity, supplemented the existing penal code in regard to the prosecution and punishment of spies. So sweeping is the punishment decreed for the furnishing of information to an actual or potential enemy, even in peacetime, that it is difficult to see how even a government-controlled press can avoid getting into trouble.

Scandinavia Looks to Britain

By RALPH THOMPSON

NOT the least significant diplomatic development of the past few years is the growing favor with which Great Britain is regarded in Northern Europe. Trade treaties recently negotiated are but one evidence of the rapprochement. During the Summer Latvia and Estonia adopted English as the only foreign language to be taught in elementary schools and the principal foreign language in secondary schools. The Prince of Wales and Prince George toured Sweden late in 1932, an event still remembered in Stockholm. On Oct. 21 Anthony Eden, Lord Privy Seal, completed a brief informal visit to Norway, Sweden and Denmark.

Germany at one time was the country to which, both commercially and intellectually, Northern Europe found itself tied. During the World War Conservative sympathy in Sweden, at least, was wholly with Germany. But times have changed. The German dictatorship, the bloody purge of June 30, the coercion of Lutheranism, the cavalier fashion in which Hitlerism has handled foreign feelings and finances—all have combined to break down a long-standing relationship. In its place has come closer contact with Great Britain.

An envoy from one democratic monarchy to three others, Captain Eden landed in Denmark on Oct. 12, proceeding after a few days to Sweden and then to Norway. In each country he conferred with government officials and with the reigning monarchs. Nominally, at least, the tour was one of good-will and involved neither com-

mercial nor political matters. It would be ingenuous to suppose, however, that it was completely without commercial or political effect. Curiously enough, a few days after Mr. Eden left Stockholm, Franz von Papen, German Minister to Vienna, arrived in Sweden for a week's "hunting expedition."

ELECTIONS IN SWEDEN

The annual voting for Sweden's provincial assemblies took place in mid-September. The result was a sweeping endorsement of Premier Hansson's Social-Democratic methods, especially his use of public funds to alleviate the effects of the depression. Social Democrats gained 34 seats, the Agrarian party 30, the two Communist factions a total of 15. Severe setbacks were administered to the Conservatives, who lost 54 seats, and the Liberal People's party, which lost 21. The National-Socialist party failed to obtain a single seat.

In Parliament the Social Democrats are in the minority, governing with the cooperation of the Agrarians and certain Liberal People's party factions. The September elections, however, will not greatly improve their position unless the government decides to dissolve the Upper House, which is elected by the provincial assemblies. In that case the make-up of the new Upper House would reflect the recent gains at the polls. Otherwise, only one-eighth of the Upper House will be changed in accordance with the new mandate of the people. General elections for the Lower House are not scheduled until 1936.

Municipal elections held in Göteborg, Sweden's second largest city, in October show an even greater trend to extremes. Social Democrats and Conservatives alike lost a number of seats, while the Third International Communists, the Independent Communists and the National Socialists gained. That Sweden's major party, the Social Democrats, fear communism more than fascism was shown when on Oct. 24 the party Executive Committee rejected cooperation in any form with the Communist International or its sections.

DICTATORSHIP IN ESTONIA

In the name of democracy the Estonian Cabinet headed by Acting Presi-

dent Paets has made what seems to be yet another move against representative government. On Oct. 2 the Diet was called into session. But the tone of the gathering was hostile and an Opposition Speaker was forced upon the government. After a few hours' debate, the Legislature was prorogued. Thus Estonia remains under the dictatorship set up in March when the government, convinced that Fascist groups were about to seize power, declared martial law and arrested more than 400 followers of General Larka, hero of the country's war for independence. The Cabinet has been assembling evidence to present at the trial of the so-called conspirators scheduled for January.

The Soviet Electoral Campaign

By EDGAR S. FURNISS

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THE Soviet Union is in the midst of an electoral campaign preparatory to the selection of delegates to the biennial parliament—the All-Union Congress of Soviets—which convenes in Moscow on Jan. 15. When that body assembles it will consist of nearly 2,000 members representing about 90,000,000 qualified voters. Of primary electoral districts—local soviets—there are no fewer than 65,000. These enormous figures, as well as the complexities of geography, race and culture, indicate the magnitude of the problem of self-government with which the Soviet electoral machinery has to deal.

The problem is further complicated by the process of indirect election by which the representatives are chosen. First come the elections to the local

soviets which choose delegates to the district congresses; these in turn elect to the regional congresses, and these choose the representatives who make up the All-Union Congress. Candidates for office in the lowest units of this system, for whom alone the general electorate casts its vote, are nominated by the local Communist party organizations. No organized opposition parties are permitted to exist either to nominate candidates or to engage in the electoral campaign, though individual citizens may propose rival candidates, who are duly presented to the electorate on voting day. The voting is by show of hands in open meetings held by the local soviets in the workshops and villages or on the farms. Thus the Soviet citizen exercises his right of self-govern-

ment, the outcome usually being the election of the Communist candidates. The proportion of non-Communists elected in the subsequent stages—to the district congresses, to the regional congresses and finally to the All-Union Congress—declines for obvious reasons to the vanishing point.

This procedure, quite openly designed to give the people the semblance of democracy while insuring complete political control by the Communist party, is often derided as farcical. Nevertheless, the system contains certain valuable elements. The people may not enjoy the right of self-government as it is understood in modern democracies, but the biennial elections do enable public opinion to make itself felt. The electoral campaigns now in full swing in the local districts throughout the Union place the local officials on trial before their constituencies. Since the citizens are encouraged to subject the officeholders to searching criticism, the local soviet, controlled though it is by a political dictatorship, is obliged every two years to give an account of its conduct to the people at large, and the resulting discussion is valuable both to them and to the government. In the present campaign the central authorities are attempting to evoke an unusually vigorous and independent criticism of the local soviets so that it may help to guide national policy during the next two years.

The elections this year provide additional evidence of the liberalization of the Soviet dictatorship, of which mention was made in these pages last month. The government, in issuing instructions for the elections, has conferred citizenship on millions of formerly disfranchised subjects. A decree of Sept. 30 greatly ameliorated the condition of the kulaks. The ruthless suppression two years ago of this,

the largest single outcast group in the Union, involved among the penalties loss of citizenship, not only for its adult members, but also for their children. This meant much more than loss of the right to vote. It deprived the children of the possibility of higher education, of association in the many cultural and amusement activities of the Russian youth and, in short, of almost all the social relationships that make life bearable. Both old and young were thrust outside the system of food ration and social insurance set up for the economic security of Soviet citizens. The new decree immediately restores these advantages to all children of kulaks, "provided they are engaged in socially useful labor." The adults may be refranchised after five years of useful labor, a period of probation which may be shortened to three years or even waived entirely at the discretion of the local officials. By this decree nearly 10,000,000 voters, chiefly younger members of kulak families, have been, it is estimated, added to the electorate and admitted to the other privileges of citizenship.

This new policy was carried further by the instructions which President Kalinin on Oct. 5 sent to the electoral officials in Russia proper, the largest unit within the Union. The franchise is restored to many former outcast groups in addition to the kulaks—the landlords of the old régime, the former bourgeoisie, officials of the Czarist police, the priests—"provided they have performed five years of socially useful labor." Even officers and soldiers of the White armies are brought within the pale of social approval, provided that they have served actively in the Red Army.

The decrees of Sept. 30 and Oct. 5 taken together constitute an act of emancipation for practically all the

formerly unprivileged youth of the nation and a definite promise of eventual social rehabilitation for all the adults. As in the other policies of liberalization discussed last month, we see here indications of a feeling of political security and a belief in the success of the Soviet economic program.

RUSSIA'S ECONOMIC GAINS

Soviet economic affairs during the month have continued to be favorable. On Oct. 24 the government announced that the grain collection program for the year was 98 per cent fulfilled. In the North Caucasus, one of the sections most seriously affected by drought, the entire program was completed two months earlier than last year, deliveries to the governmental agencies amounting to about 3,000,000 bushels more than in 1933. These figures are interesting in that they give some information regarding the quantities of cereal grains involved in the program, a question on which the Soviet Government has had little to say for some time past. The figures are still inadequate since they are in terms of comparison with those of last year about which the world has never been informed. However, we do know that enough grain was collected by the government to carry the people of the cities and the army through the year without serious undernourishment. And according to the statement of Oct. 24 the Soviet authorities then had on hand 60,000,000 bushels more than the entire collection in 1933.

The "collection" program, it should be remembered, involves the forced sale of specific quantities of grain by the farmers at a price fixed by the government. The official price this year is one ruble per poud (approximately thirty-six pounds), which is between one-twentieth and one-thirtieth of the prices in the open mar-

ket, so that the government obtains a vast supply of cereals at small cost and is able to export the surplus after the needs of the army and the urban population have been met. In addition to the deliveries under the "collection" program, the farmers are invited to sell their grain to the cooperative societies at a price somewhat higher than that fixed for obligatory sales, but still well below the open market price. Here the inducement is that the farmer may use half the proceeds to buy at moderate prices the badly needed consumption goods which the cooperative stores alone are able to supply in the villages. The statement published on Oct. 24 shows that much grain has been acquired by the government in this way.

Soviet industrial development has also continued the favorable trends noted in previous months. Composite figures for heavy industry covering the first eight months of 1934 show the program 65 per cent fulfilled as against 57 per cent of the plan for 1933 at the same time a year ago. During these eight months new enterprises valued at 22,000,000,000 rubles were put in operation. Some indication of the social effects of this development is provided by the census of industrial workers. The number of wage-earners in the country has increased from 11,500,000 in 1928 to 21,800,000 in 1933 and 23,500,000 this year. This shifting of population from the farms to the city constitutes a change from a rural to an industrial economy on a scale never before witnessed in the history of any country. It also points to what is perhaps the chief obstacle encountered by the Soviet planned economy—namely, the inefficiency due to ignorance of modern factory methods. The result is high production costs, low productivity per worker, inferior quality of

product—in short, inability to make the gigantic brand-new industries work. The Soviet authorities believe they are making progress in grappling with this problem. Thus the industrial census for the first eight months of 1934 records that production costs have been reduced 5 per cent and output per worker increased 12 per cent as compared with 1933.

But the problem of inferior quality remains troublesome. The Soviet authorities with their usual flair for the dramatic brought this fact home to the people by staging in October an elaborate public trial of a pair of Russian-made galoshes on the charge of being unfit for human use. The shortcomings of the "prisoner" were exposed to a jury with all the ceremonial of court procedure; a verdict of guilty was returned; and the galosh trust was sentenced to reform its ways. Mere buffoonery as such a performance may seem, it was meant in all seriousness and its outcome is a warning to all factory managers that severe penalties are in store for them if they fail to meet high standards of quality.

Figures for Soviet foreign trade for the first seven months of 1934 show a decline of 27 per cent as compared with the corresponding period in 1933. Exports are down a little but imports have fallen by over 40 per cent. The favorable balance has risen from 41,000,000 rubles during the first seven months of 1933 to 93,000,000 in 1934. The decline of Soviet purchases abroad and the increase of the favorable balance are both significant. The principal exports were petroleum, lumber, furs, flax, hemp and textiles. The menace of Russian competition in the world's food markets and the often-voiced fear that the Soviet sub-

sidized factories will disrupt other countries' trade in finished products have not yet materialized.

The following figures, stated in millions of rubles and covering the first seven months of the two years 1934 and 1933, are presented as throwing light on a question of importance to the United States, namely, the relative trade activity of the Soviet Union with certain principal nations:

TRADE WITH THE SOVIET UNION

	Imports		Exports	
	From Russia	To Russia	From Russia	To Russia
	1934	1933	1934	1933
Great Britain.....	41.3	37.5	24.7	21.0
Germany	41.0	54.1	18.8	112.5
France	14.5	14.0	6.3	3.5
Holland	13.5	12.0	7.8	2.1
The United States..	7.0	7.3	11.4	6.6

This table discloses the following significant facts: (1) Germany has in the course of the year lost nearly 80 per cent of her export trade to Russia; (2) unfriendly feelings between the governments do not prevent Great Britain from leading these nations in sales to the Soviet Union; (3) the Soviet trade of the United States is of insignificant proportions and has not been substantially increased by recognition of the Soviet Government.

The dependence of Soviet buying upon liberal credits is emphasized by the ranking of these nations in Russia's trade relations. Those countries which are willing to provide credits get the trade. As regards the United States, this question has been hanging fire since recognition, having become ensnarled with the more vexing and still unsolved problem of the Soviet debts to the United States. Ambassador Troyanovsky recently left on a visit to Moscow carrying with him, it is said, a definite proposal from the United States Government which he hopes to have approved by the Kremlin as a preliminary to the granting of liberal trade credits.

Egypt Weathers a Crisis

By ROBERT L. BAKER

THE political crisis that has arisen in Egypt is in large part due to King Fuad's prolonged illness. Fuad, who has been virtually a dictator since he seized control in 1930, was able to keep a firm grip on affairs so long as his health remained good. But since January he has been ill, and for long periods he has been unable to confer personally with the members of his subservient Cabinet.

Because of the secrecy maintained by the Royal Household regarding Fuad's condition, doubts arose early in October as to whether the instructions issued from the Palace really came from him or from Mohammed Pasha El Ibrashi, Controller of the Royal Estates. Ibrashi, who is known to have meddled in politics for several years, is disliked by both the Egyptian public and the British Residency. By his management of the Royal Estates he has raised Fuad from a comparatively poor Prince at the time of his accession to a very rich monarch. But Ibrashi has been regarded as being concerned solely with the King's interests and not with those of the country. The British Government was anxious to deal with responsible spokesmen for Egypt because the Egyptian foreign debt question was demanding settlement. But the outstanding question was whether the country was being ruled by irresponsibles.

By mid-October the agitation in the press became so great that Yehia Pasha, the puppet Prime Minister, asked the British Acting High Com-

missioner, Mr. Peterson, for advice. One of Mr. Peterson's suggestions was that the office of Chief of the Royal Cabinet should be revived so that there should be a responsible liaison agent between the King and the Cabinet and between the King and the Residency. Another was that two Ministers whose integrity had been attacked in the press should be asked to resign. Both suggestions were unpalatable to Yehia, though he seems to have offered several eligible men the post of Chief of the Royal Cabinet only to find that they refused to consider the appointment unless Ibrashi Pasha were withdrawn, at least temporarily, from the Palace. As for the second suggestion, the Ministers involved were in the same camp as the powerful Ibrashi.

Yehia Pasha then accused the British Residency of "interfering" and of trying to alter the law of succession, and appealed to the patriotism of the country against British "aggression." His effort to rally support to his unpopular Cabinet failed, and his charges were promptly discounted by most of the Arab press, which continued its attacks on Palace influence, on Ibrashi, on the Cabinet and on the Ministers involved in the scandal.

Relations between Yehia and the Residency became strained despite the necessity of close cooperation on the debt problem. On Oct. 28 the Premier's position was so weak that he found it necessary to retreat. The office of Chief of the Royal Cabinet was revived and the post was accepted by

former Premier Ziwar Pasha. Because of his advanced age it was not thought that he would be able to restrain Ibrashi's influence, but the appointment was considered a step in the right direction.

Yehia, at last finding his position untenable, resigned on Nov. 6. The next day Ziwar Pasha, on behalf of King Fuad, asked Tewfik Nissim Pasha to form a Cabinet, but listed certain conditions. Tewfik accepted, but in turn imposed conditions which were laid before the King.

Press and public in Egypt greeted Tewfik's appointment with satisfaction and it also had the approval of the British Government. If King Fuad accepted his conditions, it was expected that Tewfik would form a strong Ministry from the centre parties. Though he is not a member of the Wafd, or Nationalist, party, his inclinations are in that direction, and it was believed that the Wafd would not oppose him. Tewfik resigned as Chief of the Royal Cabinet in 1931 in protest against Fuad's new Constitution, which gave the Palace full control of the government, and he has not served in any Ministry since then because of his persistent refusal to take the oath of the new Constitution.

TURKEY AS ARBITRATOR

A Turkish military mission under General Fahrettin Pasha left Istanbul on Oct. 4 for Teheran to arbitrate in a frontier dispute between Persia and Afghanistan. Turkey's selection for this task is a tribute not only to the esteem in which she is held in the Middle East as Islam's strongest State but also to her unceasing efforts to promote peace in her part of the world. Turkish arbitration between Persia and Afghanistan, if satisfactory to both principals, may be a stepping-stone to the much-

mooted Middle-Eastern bloc. At the present time Turkey is decidedly pact-minded, and her new prestige as member of the League Council may encourage her to take the initiative in arranging with Persia, Afghanistan and Iraq an entente based on non-aggression, arbitration and mutual defense against foreign aggression.

A ZIONIST PEACE PACT

A notable step to insure peace within Zionist ranks was taken in London on Oct. 27, when David Ben-Gurion, representing the World Zionist Executive, and Vladimir Jabotinsky, head of the Zionist Revisionist World Union, agreed to limit Zionist party warfare to political and ideological discussion. Their pact not only discountenances terrorism and violence of any sort but pledges all parties to prevent "any unfair act in party strife, such as libel, slander, insult to individuals or groups, the spreading of false news, denunciations, or insults to the symbols, flags or uniforms of the opponents." The advocacy of terrorism or violent acts and their justification are forbidden, and penalties ranging from censure to permanent suspension from party membership were provided for.

During the past two years the rivalry between the Revisionist and Labor parties in Palestine has been so bitter that bloody clashes have sometimes resulted, and charges of terroristic tactics have more than once been made against the Revisionists. Zionist unity has suffered, and efforts to strengthen the Jewish position in Palestine have been impeded.

The first elections under the new Palestine Municipalities Ordinance were held on Sept. 26. Six Arab and six Jewish members of the Jerusalem Council were elected. The balance of

power, however, is held by the Palestine Government through the two members whom it appoints. An upset occurred in the Arab elections, when Ragheb Bey Nashashibi, who has been Mayor of Jerusalem since 1920, was defeated. In the Jewish elections all Revisionist candidates were defeated.

All sections of Jewish opinion in Great Britain were represented at a conference in London in October to discuss Zionist problems in Palestine. The 350 delegates present adopted a resolution urging the British Government to ease the restrictions on Jewish immigration into Palestine in view of the "large, accumulated Jewish labor shortage." Dr. Chaim Weizmann urged that Transjordan be opened to Jewish endeavor "without affecting its political status." The most important decision of the conference, however, was to oppose the establishment of a Palestine legislative council. It held that such a council "would stamp Jews as a national minority in the one country in the world where they could not agree to be relegated to that status."

During September 4,535 Jews were admitted into Palestine, according to an unofficial report. Of these 450 belonged to the capitalist category.

FRENCH POLICY IN SYRIA

France continues in her determination to rule Syria indefinitely without the assistance of the Syrian Parliament. That body was prorogued by M. de Martel, the High Commissioner, last December for four months, because of its opposition to the Franco-Syrian treaty. In mid-April it was again prorogued, this time for six months. The Syrian nationalists have by no means abated their opposition to the treaty and on Nov. 3 M. de Martel issued a decree suspending the Parliament sine die. French rule in

the mandate is, therefore, by decree, and strongly resembles a dictatorship. Syrian disaffection and intransigence are due to a number of causes, but one of the most important of them is the economic situation, which has gone from bad to worse. Syrians believe that this is due to the deflationary policy of the French administration. Unless business improves there can be little hope that an elected Syrian Parliament will ratify the treaty so much desired by the French.

ITALY AND ABYSSINIA

Rumors have been current during recent months of a forthcoming attack by Abyssinia's modernized army on the Italian colonies of Eritrea and Somaliland, and of a "preventive" invasion of Abyssinia by Italy. An attempt was made by the two governments on Sept. 29 to dispel such rumors. In a joint official statement the Italian Government and the Abyssinian Chargé d'Affaires in Rome reiterated the pledges of friendship and non-aggression which they made in the Italo-Abyssinian treaty of 1928. Nevertheless, the Emperor Haile Selassie is pushing forward his program for the rearming and reorganization of his army. Early in October his representatives paid a visit to Copenhagen, where they were reported to have placed a large order with the Reykl Rifle Company. While Italy's concern over the security of Eritrea and Italian Somaliland has undoubtedly been increased because of the publicity given to Abyssinian military activities, King Victor Emmanuel's tour of Italy's African colonies, his review of Italian and Somaliland troops at Mogdishu, in Italian Somaliland, on Nov. 4, and his subsequent inspection of colonial defenses were probably little more than part of the royal routine.

Will Japan Close the Open Door?

By GROVER CLARK

TO all the other causes of antagonism between Japan and the Western powers, particularly Great Britain and the United States, disagreements over the sale of oil in Manchuria and in Japan itself have now been added.

In Manchuria, the friction has arisen over the proposal of the Manchukuo Government to give an oil sales monopoly to a company a large majority of whose stock is owned by Japanese and in which the Japanese Government itself is financially interested. This proposal thus becomes the first important test case of whether the Open Door principle is to be maintained in Manchuria in fact, as both Japan and the Manchukuo Government have pledged that it would be, or whether, operating through its puppet, Japan is to take for her nationals virtual monopoly control of all important trading opportunities in that region.

This particular argument started last Spring, when the oil sales monopoly plan first was put forward. It came out into the open late in October, when the American and British Governments made public the fact that they and the Netherlands Government were protesting to Japan against the carrying out of the monopoly plan. The subject had been under discussion with the Japanese Government for some months, it was revealed, though no formal notes had been sent. The news of what had been going on was released on Oct. 24.

This, significantly, was exactly five days after the Manchukuo authorities had formally told the agents of the

foreign oil companies operating in Manchuria that the monopoly plan would be put into effect fairly soon, probably early next year. This notification clearly showed that the informal protests up to that time had had no influence. The agents of the American, British and Dutch oil companies which have been selling oil in Manchuria (with the American and British companies doing about 80 per cent of the business) were called in to receive this notification and explanation.

The plan, as outlined to the agents on Oct. 19, provides that the Manchuria Oil Company is to be given a monopoly of the sale of both crude and refined oil (not including lubricants) in Manchuria. This company, operating refineries at Dairen and in connection with the oil extraction plant at Fushun, would buy from foreign sources such crude oil as was needed in addition to that produced in Manchuria. It also would buy foreign refined oils in such amounts as the market required to supplement the production of the two refineries. These purchases from abroad would be allocated on a quota basis to the companies now selling oil in Manchuria, the quotas to be proportionate to the sales during the last two years. Bids would be required, however, and the monopoly might ignore the quotas if the prices asked were unreasonable. The foreign-owned installations for storage and marketing would be taken over, due compensation being paid.

The protests by the companies, and by their governments on their behalf,

are based on the claim that this monopoly will violate the Open Door principle, since the Manchuria Oil Company is in fact a Japanese concern. If the company were strictly Manchukuoan, and if Manchukuo were a fully independent State, the foreign oil companies might grumble but neither they nor their governments could reasonably raise the Open Door issue, since, after all, the Open Door means simply that all foreigners shall be treated alike, not that foreigners necessarily shall have the same rights as nationals of the country itself.

Forty per cent of the Manchuria Oil Company stock is owned by the South Manchuria Railway Company (half of whose stock in turn is owned by the Japanese Government) and another 40 per cent, it is asserted, is held by private Japanese interests. This makes the company Japanese, the other companies claim, so that to give it this monopoly would be in effect to place control of all oil sales in Manchuria in Japanese hands to the exclusion of other non-Manchukuo interests. In making their protests to Tokyo, furthermore, the American, British and Netherlands Governments have made it clear that they continue to look on Manchukuo not as an independent State but as a Japanese creation.

This, in the circumstances, is a crucial test case on the Open Door issue in Manchuria. If the oil sales monopoly is carried through successfully the way will be open for extension of the principle.

In reply to the American and British protests, the Tokyo authorities have taken the position that since Manchukuo is an independent State, and since the establishment of this monopoly would not violate the Open of that State, the Japanese Government has nothing to do with it. In

communications to the American and British Ambassadors in Tokyo on Nov. 5, Foreign Minister Hirota said that the Japanese Government had been informed by Manchukuo that the monopoly plan included no provision for discrimination for or against any foreign nation. On this basis, Mr. Hirota declared, Japan holds that the monopoly would not violate the Open Door pledges. In any case, the question was one to be argued with Hsinking, not with Tokyo; he advised that the protesting oil companies take their complaints direct to the Manchukuo Government.

Both the British and the American Governments have let it be known that they do not intend to let the matter rest where it was left by Mr. Hirota's communication of Nov. 5. Nor do they intend to acquiesce in Japan's contention that Tokyo has nothing to do with the case. The Netherlands Government has been much less outspoken than the British and the American.

The American and British Governments have carefully refrained from officially acting together in this case, though they have taken substantially the same line. It would appear to have been no mere accident that the two Governments gave publicity to the discussions at practically the same time or that this step was taken just when the stage had been reached in the London naval talks at which it seemed clear that the British efforts to get the Japanese to take a less intransigent position had failed.

However that may be, it is clear that the fundamental issue involved in the oil sales monopoly controversy is closely related to the issue of Japan's relative naval strength. If the monopoly plan, as it stands at present, is carried through, the evidence will be virtually conclusive that the

Japanese authorities intend to go ahead establishing control of trading opportunities in Manchuria no matter what foreign toes may be stepped on. This would, of course, be a logical next step in carrying out their own program in defiance of the rest of the world. But every step in this program arouses new antagonism. Of this the Japanese leaders are well aware. They realize that the further they push their expansion program, the greater may be their need for powerful armed forces to hold the positions which they have seized.

On the other hand, the more it appears that Japan's demand for naval equality with Great Britain and the United States springs primarily from a determination to acquire impregnable defenses behind which to move to monopoly control of all the economic opportunities of the Far East, then the more these two principal Western governments are likely to feel that they should oppose giving Japan naval equality lest they be deprived of all Far Eastern trading and other economic opportunities. So the question of oil monopoly in Manchuria bears very directly on the question of how strong a navy Japan is to have, compared with the navies of Great Britain and the United States.

Apart from its strictly trading aspects, the oil monopoly move in Manchuria appears to be part of the program of the Japanese army and navy to make certain of having adequate oil supplies in case of war.

As things now stand, Japan is very largely dependent on foreign oil for the operation of her fighting forces, though the resources under her control in Sakhalin, Formosa and Manchuria amount to a substantial total. It will be some years, however, before these resources can be developed to the point of making Japan indepen-

dent of the rest of the world in the matter of oil. Yet most of her warships are oil burners, and refined oil, especially gasoline, is becoming vitally necessary for her army now that the air service is being developed and the mechanization of the forces on land is being pushed forward as rapidly as possible.

The Manchurian oil monopoly plan appears to be one move toward forestalling the possibility that the Japanese army and navy would be caught without sufficient oil in an emergency. The promulgation of new regulations for the sale of oil in Japan itself seems to be another move in the same direction. These new regulations provide that foreign oil companies doing business in Japan must keep at least six months' supply on hand all the time, and that the Japanese Government may take over these stocks at any time, paying for them such prices as it chooses. The companies have asked their governments to take this matter up with the Japanese Government.

A reorganization of the Japanese administration in Manchukuo formally confirms the Japanese army leaders in the virtually complete control of Japanese activities there which they have had in fact but not in form since 1931. This confirmation came by way of the adoption by the Cabinet, with subsequent approval by the Privy Council and the Emperor, of a plan for centralizing the authority in the hands of the Japanese military commander in Manchuria. Vigorous civilian opposition to the adoption of the plan, and protest against it after it had been adopted, indicate that the action of the Premier in forcing the reorganization through the Cabinet may lead to his downfall.

For the past couple of years, the Japanese Commander-in-Chief in Manchuria, has been, concurrently, the

Japanese Ambassador to Manchukuo and Governor General of the Kwantung Leased Territory. In these three capacities he has been, nominally, under three different departments of the Tokyo government—the War Ministry, the Foreign Office and the Overseas Affairs Ministry. This has led to confusion. Furthermore, the civilians in the Foreign and Overseas Ministries have been trying to regain some of the influence which they lost to the army in the rush of events following the occupation of Manchuria.

The army leaders have been determined, however, not to give up the dominant position which they had secured. A year ago they prepared a plan for reorganization which would have regularized their control. Premier Saito succeeded in shelving it. When the navy leaders began demanding, last Summer, that their wishes on Japan's naval policy be followed, the army chiefs renewed their drive for a plan to confirm their hold in Manchuria. On Sept. 7 the Cabinet meekly rubber-stamped the navy's demands. Exactly a week later, it approved the plan for reorganizing Japanese administrative affairs in Manchuria which gave the army what it wanted.

A new Manchuria Affairs Bureau, directly under the Premier, is to be created in the Tokyo Government. This will take over, from the Overseas Affairs Ministry, supervision of practically all the Japanese non-military activities in Manchuria, including administration of the Kwantung Leased Territory and the Railway Zone and supervision of the South Manchuria Railway Company. The Japanese Ambassador to Man-

chukuo is to serve as the supreme administrative officer, under the Manchuria Affairs Bureau, in Manchuria. He also is to act under the Foreign Office in strictly diplomatic matters. The Ambassador, therefore, has charge, on the ground, of all Japanese activities outside those of defense and maintenance of the peace.

The reorganization also specifically provides that the Japanese Commander-in-Chief, who must be a high ranking army officer in active service, is to be concurrently the Japanese Ambassador. This officer thus becomes virtual dictator of all Japanese affairs in Manchukuo. If a civilian were head of the Manchuria Affairs Bureau civilian influence might be felt, it is true; and it is reported that the army opposed the plan on this ground, at first. The objections were withdrawn, however, when Premier Okada promised that he would appoint as head of the bureau a high-ranking army officer in active service.

On Oct. 18, in protest against this new plan, the entire staff of the Kwantung Government, including the police in the Leased Territory and the Railway Zone, resigned. The Vice Minister and the counselor of the Overseas Affairs Ministry in Tokyo also resigned in protest against the reorganization.

Through a typographical error, it was stated in the November issue of CURRENT HISTORY that the Japanese Cabinet had appropriated 3,000,000,000 yen for agricultural relief, of which 750,000,000 was to go for reducing the silk cocoon production. The figures should have been 3,000,000 yen and 750,000 yen respectively.

This issue marks the twentieth anniversary of the founding of CURRENT HISTORY. The first four numbers appeared on Dec. 12 and 26, 1914, and Jan. 9 and 23, 1915, but with the fifth, that of February, 1915, CURRENT HISTORY began to be published monthly.